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**Those little extras**
*Flexible benefits around the world*
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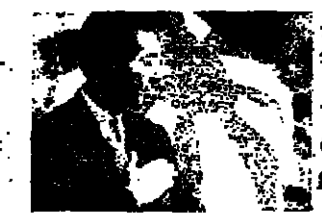

**Japan's Whitewater**
*Hosokawa dogged by corruption claims*
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# FINANCIAL TIMES

Europe's Business Newspaper WEDNESDAY APRIL 6 1994 D8523A


## Eurotunnel to pay TML £85m to settle last legal claim

Eurotunnel, the company which will operate train services through the Channel tunnel, has settled a long-running dispute with Anglo-French construction consortium Transmanche Link, clearing the way for a rights issue of up to £750m ($1.02bn). Eurotunnel said it would pay an additional £70m-£85m to TML, bringing the total it has paid to £1.14bn, nearly twice the £620m original contract price. TML had been seeking £1.95bn. Page 19; Lex, Page 18

**Global trade growth slowed in 1993:** World trade growth slowed last year but a possible economic recovery in western Europe and Japan may offer brighter prospects for 1994, the General Agreement on Tariffs and Trade says. Page 6

**Suez returns to profit:** Suez, one of France's largest industrial and financial holding companies, confirmed that it came back into the black in 1993 with a net profit of FFr1.57bn ($270m), against a net loss of FFr1.87bn in the previous year. Page 19

**IBM unveils new computers:** International Business Machines, which has seen sales of its flagship mainframe computers drop sharply, announced products that it claims will "fundamentally change the nature of large-scale computing". Page 19

**Key China dissident questioned:** China said it was questioning Wei Jingsheng, its most prominent dissident, over "new crimes" in a move that risks further inflaming international criticism of its human rights behaviour. Page 4

**US seeks to cap Pakistan's nuclear push:** Strobe Talbott, US deputy secretary of state, hopes to persuade Pakistan to accept F-16 fighters from Washington in return for a "verifiable cap" on the country's nuclear weapons programme. Page 4

**India plans shares clampdown:** The Indian government is planning to clamp down on foreign companies buying shares in their subsidiaries listed on the Indian stock exchange at a fraction of market prices. Page 22

**Crédit Lyonnais,** troubled French bank, hopes to expand its insurance interests by forging an alliance with insurance group Assurances Générales de France. Page 20

**Smiths Industries expands in US:** Smiths Industries of the UK is to expand its industrial division with the $32m cash acquisition of Tutco, US heating element manufacturer. Page 24

**Venezuela to buy banks' loans:** The Venezuelan government is to create a fund to buy poor quality loans from ailing banks as part its effort to restore the financial sector to health. Page 7

**Vaccine developed for bowel cancer:** British scientists have developed an experimental vaccine for bowel cancer, the second most common cause of cancer deaths in industrialised countries. Page 8

**Japan's current account surplus rises:** Japan's politically troublesome current account surplus crept up in February for the third month running, to an unadjusted $11.94bn. Page 4

**British Land completes transfer deal:** British Land, the property company, and Quantum UK Realty Fund, managed by financier George Soros, have transferred 17 properties into their jointly owned British Land Quantum Property Fund, bringing the total invested in the fund to £400m. Page 25

**Biotech company chief departs:** Celsis, a UK biotechnology company floated 10 months ago, said chief executive Tony Martin had departed. Page 19; Lex, Page 18

**Sinn Féin calls for talks:** A 72-hour IRA ceasefire came into effect at midnight last night as Sinn Féin leaders prepared to travel from Belfast to London to deliver a letter to UK prime minister John Major calling for a positive response to the republican initiative. Page 8

**Softer French line over labour:** The French government struck a conciliatory tone concerning the incorporation of labour issues into international trading rules, reducing the prospect of a dispute with developing nations at next week's signing of the Uruguay Round trade agreements. Page 6

**London Share Service:** From today, the highs and lows published on London Share Service pages and in related statistical tables refer to 1994 only, not 1993-94.

**STOCK MARKET INDICES**

| | | |
|---|---|---|
| FT-SE 100: | 3116.2 | (+29.8) |
| Yield | 3.99 | |
| FT-SE Eurotrack 100 | 1426.85 | (+7.95) |
| FT-SE-A All-Share | 1573.23 | (+0.7%) |
| Nikkei | 19,563.21 | (+440.99) |
| New York: lunchtime | | |
| Dow Jones Ind Ave | 3657.27 | (+63.92) |
| S&P Composite | 445.67 | (+6.75) |

**US LUNCHTIME RATES**

| | |
|---|---|
| Federal Funds: | 3½% |
| 3-mo Treas Bills: Yld | 3.756% |
| Long Bond | 87⅜ |
| Yield | 7.272% |

**LONDON MONEY**

| | | |
|---|---|---|
| 3-mo Interbank | 5½% | (5⅜%) |
| Liffe long gilt future: | Jun 107⅜ | (Jun107¾) |

**NORTH SEA OIL (Argus)**

| | | |
|---|---|---|
| Brent 15-day May | $14.39 | (13.09) |

**Gold**

| | | |
|---|---|---|
| New York Comex June | $385.7 | (388.7) |
| London | $385.4 | (389.75) |

**STERLING**

| | | |
|---|---|---|
| New York lunchtime: | | |
| $ | 1.4655 | |
| London: | | |
| $ | 1.4638 | (1.4655) |
| DM | 2.4987 | (2.4892) |
| FFr | 8.5366 | (8.4955) |
| SFr | 2.1045 | (2.0898) |
| Y | 151.857 | (151.291) |
| £ Index | 79.3 | (79.2) |

**DOLLAR**

| | | |
|---|---|---|
| New York lunchtime: | | |
| DM | 1.71185 | |
| FFr | 5.8610 | |
| SFr | 1.4445 | |
| Y | 103.75 | |
| London: | | |
| DM | 1.7071 | (1.6985) |
| FFr | 5.832 | (5.797) |
| SFr | 1.4378 | (1.426) |
| Y | 103.745 | (103.235) |
| $ Index | 65.4 | (65.5) |
| Tokyo close Y 102.85 | | |

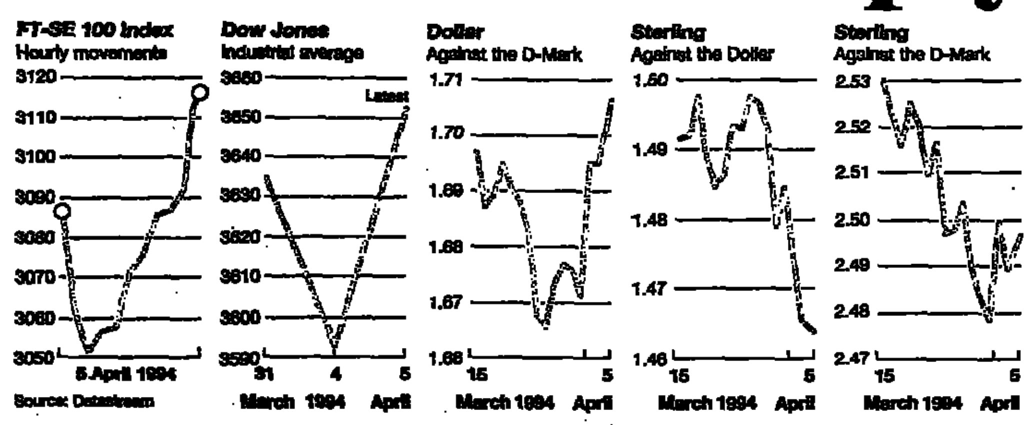


| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Austria | Sch32 | Greece | Dr350 | Lux | LFr65 | Qatar | QR13.00 |
| Bahrain | Din1.250 | Hong Kong | HK$18 | Malta | Lm0.60 | S.Arabia | SR11 |
| Belgium | BFr65 | Hungary | Ft185 | Morocco | MDh15 | Singapore | S$4.30 |
| Bulgaria | Lw25.00 | Iceland | IKr215 | Neth | Fl 4.00 | Slovak Rp | Sk32.50 |
| Cyprus | C£1.10 | India | Rs60 | Nigeria | Naira50 | South Africa | R12.00 |
| Czech Rp | CZK50 | Israel | Shk6.50 | Norway | NKr17.00 | Spain | Pta225 |
| Denmark | DKr16 | Italy | L3000 | Oman | OR1.50 | Sweden | SKr16 |
| Egypt | E£5.00 | Japan | Y500 | Pakistan | Rs40 | Switz | SFr3.30 |
| Finland | FM14 | Jordan | JD1.50 | Philippines | Pso50 | Syria | S£60.00 |
| France | FFr9.00 | Kuwait | Fils626 | Poland | Zl 32,000 | Tunisia | Din1.500 |
| Germany | DM3.50 | Lebanon | US$1.50 | Portugal | Esc225 | Turkey | L13000 |
| | | | | | | UAE | Dh12.00 |



# US stocks, bonds rise sharply

## First big advance in trading since move on interest rates




By Our Foreign and Markets Staff

US stocks and bonds rose sharply in early trading yesterday, lifting European markets and confounding some commentators' predictions of a widespread sell-off following Wall Street's steep fall on Monday.

By midday, the Dow Jones Industrial Average was up 62.77 points at 3,656.12, while the more broadly based Standard & Poor's 500 gained 6.53 to 445.45.

The price of the benchmark 30-year US government long bond was also sharply higher at midday, sending the yield down by nearly 12 basis points to 7.28 per cent, as buyers were coaxed back into the market.

It was the first big advance by US stocks since before the Federal Reserve lifted short-term interest rates by a quarter-point to 3.5 per cent on March 22. Analysts said the New York market was ripe for a rebound after losing around 276 points in the last seven sessions. The Dow lost more than 42 points on Monday in reaction to news of a sharp rise in the March employment figures, announced on Friday, fuelling worries that the Fed might raise rates again in a bid to prevent the economy from overheating.

A small dip last month in the US Commerce Department's main economic forecasting index helped ease these fears yesterday, although forecasters predict a rebound in March's index as a result of warmer weather.

The index of leading economic indicators dropped by 0.1 per cent after rising for six months in a row, the Commerce Department said. However, yesterday's Wall Street rally was driven mostly by bargain hunting, rather than any change in the fundamental economic outlook. "It's a rally in a bear market," said Mr Michael Metz of Oppenheimer & Co in New York.

European share prices were helped by Wall Street's rebound. The London market lived up to its recent reputation for volatility, with the FT-SE 100 index moving through a range of nearly 70 points before closing up 29.8 at 3,116.2. UK gilts finished lower on the day despite the recovery in the afternoon.

In Frankfurt the 30-share DAX index closed up 25.18 at 2,158.29, after rising even before Wall Street opened, and prices continued to move higher in the post-bourse session. In Tokyo stocks earlier ended a quiet day just off the day's high. The Nikkei average closed up 440.99 points or 2.31 per cent at 19,563.21 points.

The improved tone in the bond and equity markets spilled over into a firmer dollar. The US currency finished in London at DM1.7071, up from an early low of DM1.6910, and nearly 3 pfennigs up from DM1.6788 before the long weekend. Some of the strength reflected follow-on buying from Friday when European markets were closed and unable to respond to the strong March jobs figures. For the most part, though, it was a case of the dollar following the Dow up.

Analysts were cautious, however, to herald a turnround in the dollar's fortunes.

International Bonds, Page 23; Currencies, Section II; London Shares, Page 29; World Stocks, Section II

# Berlusconi suspends talks on forming a government

By Andrew Hill in Milan

Mr Silvio Berlusconi, the Italian media magnate, yesterday suspended talks on the formation of a new government after failing to convince the members of his rightwing political alliance to join him in a coalition.

The suspension brings to an end only the first phase of manoeuvring among the three parties which won the most seats in last week's general election, but the announcement sent Italian government bond futures into a tailspin in late trading on Liffe, London's futures exchange.

Changing his negotiating tack, Mr Berlusconi, who heads the rightwing Freedom Alliance, said talks would resume once Mr Oscar Luigi Scalfaro, the Italian president, had chosen a new prime minister. He cannot do that until after parliament reconvenes on April 15.

Mr Berlusconi's Forza Italia, the populist Northern League and the neo-fascist National Alliance will have a majority in the lower chamber of Italy's parliament when the new deputies take their seats, and a near-majority in the upper house.

But the electoral pact between the three parties has been threatened since the election by internal tension, heightened by the repeated acid comments of Mr Umberto Bossi, the League leader. He criticised Mr Berlusconi's suspension of the talks, suggesting that the media magnate had "lost his nerve".

Mr Berlusconi yesterday called off a meeting between senior League and Forza Italia officials, due to take place today. "We're not going to go to the League, nor anywhere else," he said. "We're not betraying them, we're waiting for the president to give his opinion."

Earlier Mr Bossi accused the leader of Forza Italia, who also controls a clutch of television stations, of manipulating public opinion and repeated his opposition to Mr Berlusconi's becoming prime minister.

He also criticised Mr Berlusconi for bringing a non-politician

Continued on Page 18
International bonds, Page 23

## Lira devalued and state enterprises to close in attempt to head-off hyperinflation

Prime minister Tansu Çiller yesterday after warning that Turkey was heading for hyperinflation unless tough action was taken Associated Press

# Turkish PM announces austerity programme

By Our Ankara Correspondent

The Turkish government yesterday unveiled a three-month economic austerity package and devalued the lira by 38 per cent in an attempt to relieve the country's economic crisis.

The package comes after days of chaos on the financial markets and political uncertainty following electoral gains by an Islamic group, directly challenging the mainstream secular parties.

Outlining the package in a televised address, Mrs Tansu Çiller, prime minister, warned that Turkey was heading for Latin-American style hyperinflation unless tough action was taken to reduce a ballooning public deficit.

The package includes immediate price increases of state controlled commodities and closures of loss-making state enterprises, both of which could provoke a backlash against Mrs Çiller's government.

The decisions follow two months of currency turbulence, with interbank rates at one point reaching 1,000 per cent as the central bank attempted to prop up the lira.

The central bank, signalling yesterday it would no longer intervene to support the lira, announced that today's official fix would be TL32,050, representing a 38 per cent devaluation compared with the official central bank rate yesterday.

The package comprises structural measures such as faster privatisation, a series of one-off tax changes, and reform of the farm support policies to underpin a fiscal programme aimed at slashing the budget deficit in the second quarter from TL47,000bn to TL9,000bn.

The government also announced proposals to reform the central bank, designed to tighten control over the money supply. It plans to strengthen the central bank's autonomy and to reduce the amount the Treasury can borrow to fund the budget. In further action to curb the money supply, the central bank announced measures to increase the reserve requirement for commercial banks.

Economists welcomed the reforms, but warned that implementation would be the test, given potential opposition from Mrs Çiller's coalition partners, the Social Democratic Populists SHP. The success of the programme will also depend on the co-operation of the main opposition centre-right Motherland party, Anap.

However, Mr Mesut Yilmaz, Anap leader, criticised the package, saying it was a "bad copy" of earlier stabilisation programmes. The workers would end up footing the bill, he added.

Yesterday state controlled prices of petrol, tobacco and sugar, were raised by up to 100 per cent. That is certain to fuel short-term inflation, which last month reached an annual rate of more than 73 per cent.

Warning that it was no longer possible to cover the high public deficit, Mrs Çiller announced plans for the closures of Karabuk iron and steel works, and lay-offs at the Zonguldak coal mines.

The government is also hoping to raise $3.5bn from the sale of state companies, although many bankers say this may prove over-optimistic.

# Israeli withdrawal paves way for Palestinian police arrival

By Julian Ozanne in Gaza

"It is not a lovely thing to do to fight against children with stones. We are lucky and happy to be getting out," Major Udi Cohen in the Gaza Strip said yesterday.

The major spoke as Israel continued packing up military and police bases, redeploying troops from Gaza and the West Bank town of Jericho in preparation for Palestinian self-rule. The arrival of the first independent Palestinian police force is imminent.

Talks on the completion of Israel's full withdrawal and the early deployment of Palestinian police in both areas continued in Cairo, with some PLO officials venting frustration at what they called Israeli "procrastination".

PLO officials said they were still insisting on completion of the terms of full Israeli withdrawal by April 13, the date originally scheduled in their outline agreement with Israel for the completion of the pull-out. Mr Nabil Shaath, who has led the PLO delegation throughout the on-off talks on implementing the Gaza-Jericho deal, said "nobody is holding anything up" and that the talks continued to make slow but sure progress.

The rapidly unfolding redeployment is Israel's first withdrawal from occupied Arab lands – captured in the 1967 Six Day War – since it handed the Sinai back to Egypt in 1982.

All across Gaza yesterday, smiling troops expressed their relief as they departed and emptied the military bases which have maintained a heavy-handed occupation of Palestinians for more than a quarter of a century.

Soldiers photographed each other beneath the Star of David Israeli flag to commemorate a moment many hope will be historic and irreversible.

The soldiers will move to a new base in the Gush Katif block of Jewish settlements in the south of the strip – which will remain after Palestinian self-rule.

"The new base is more beautiful and you can see the sea," Lt Nitzan said. "We will be surrounded by Jews there."

Not all soldiers are happy to quit the strip. "We shouldn't give up our biblical land and go back to Auschwitz borders," said one.

Most soldiers, especially teenage conscripts, are euphoric to be leaving behind dangerous patrols, midnight arrests, the constant threat of ambush and Palestinian demonstrators.

"It's been like hell here," said one soldier on reserve duty. "We've been surrounded by Arabs who hate and fear us. You never knew when you or your friend would take a bullet. At last it's over."

Senior officers said yesterday they hope the withdrawal will allow the army to return to its conventional role of national defence rather than counter-insurgency and occupation.

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# Russians in oil export revenue trap

By John Lloyd and Leyla Boulton in Moscow

Russia is caught in a vice between falling oil prices and its inability to raise oil exports to compensate for the loss in revenue, according to its trade minister.

Exports of raw materials, of which oil is the largest component, now made up some 80 per cent of all Russian exports, Mr Oleg Davydov said in an interview to the Nezavisimaya Gazeta yesterday.

It was "economically senseless" to keep increasing the volume of exports as prices fell, he said. Prices are currently around $13 a barrel.

Mr Davydov said the rapid fall in industrial production had led to a decline in other Russian exports, especially in the engineering industry.

"The slow process of restructuring in industry doesn't allow us to to change the structure of exports: the share of exports taken by engineering and equipment in 1993 made up only 7 per cent of the total," he said.

However, a sharp cutback in imports led to a trade surplus last year of $16bn – with exports of $43bn and imports of $27bn – up from a $5bn surplus in 1992.

These surpluses had helped support the rate of the rouble against the dollar and paid off part of Russian's foreign debt obligations, Mr Davydov said

However, the trade minister quashed hopes by western companies and Russian importers that the high tariffs announced last month would soon be removed.

President Boris Yeltsin has publicly expressed reservations about the tariffs and Mr Victor Chernomyrdin, the prime minister, last week told Mr Ron Brown, the US commerce secretary, that they would be reviewed. But Mr Davydov said "it makes no sense to change the tariffs so quickly", although he did admit that Russia's application for membership of the General Agreement on Tariffs and Trade would be made more difficult by their retention.

Russia should anyway continue to press for membership, he said, in view of the 20 anti-dumping actions now being taken against it. Joining Gatt would protect Russia from such unilateral actions, he said, since Gatt members would have to follow a formal procedure before introducing sanctions.

He said that Russia should insist on special terms within Gatt for the fellow members of the Commonwealth of Independent States – or first form a customs-free zone with these states and enter Gatt together.

He warned, however, that economic integration with Russia meant "the loss of a certain part of sovereignty. It's obvious that the former Soviet states still have one thing in mind – receiving energy resources from Russia for the same (subsidised) price as in the Russian internal market".

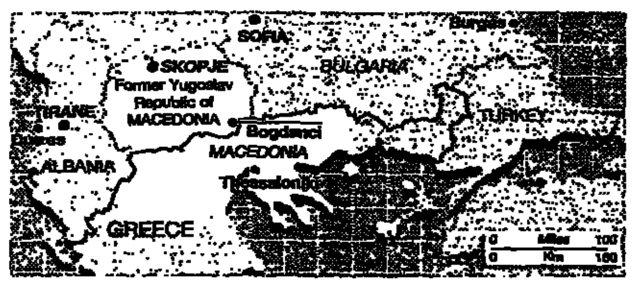
Meanwhile, Mr Victor Gerashchenko, the Russian central bank chairman, said he might lower interest rates later this month. Pointing to a fall in inflation, he said he hoped to halve interest rates by the end of the year.

Mr Gerashchenko was speaking at lower chamber hearings on the 1994 budget, on the same day that the upper chamber of parliament was finally cajoled into approving a temporary second quarter budget pending the approval of the budget for the entire year.

The present discount rate of 210 per cent could be lowered while still exceeding the rate of inflation, he said. The discount rate is now about 5-10 percentage points higher than inflation, representing a relatively high real interest rate. For part of last year the interest rate charged to commercial banks was negative in real terms as the central bank held off from passing high interest rates onto ailing enterprises.

# Embargo strangles Macedonia

## Kerin Hope reports from Bogdanci on the damaging effects of the Greek blockade




Costs have soared for producers of spring cucumbers and tomatoes in Bogdanci, a village in southern Macedonia just across the border from Greece, since the Greek government imposed a trade embargo on the former Yugoslav republic two months ago.

Mr Gjorgi Icev, financial director of Izvorski, the region's biggest exporter with 24 hectares of greenhouses, says: "Fuel for greenhouse heating and all our pesticides were delivered from Greece. Now everything has to make a detour through Bulgaria. It's a ludicrous situation."

The embargo was intended to force Macedonia into making concessions in the dispute with Greece over its flag and constitution, both seen in Athens as signalling expansionist designs on the northern Greek province of Macedonia.

It is having a disastrous effect on the Macedonian economy, already struggling as a result of UN sanctions against Serbia, formerly its main trading partner, and the demands of a stabilisation programme backed by the International Monetary Fund.

However, separate mediation efforts by the United States and the European Commission, aimed at restarting bilateral talks under UN auspices, have failed to persuade either Mr Andreas Papandreou, the Greek prime minster, or Mr Kiro Gligorov, the Macedonian president, to shift their positions.

Greece, already accused by several EU partners of trying to destabilise Macedonia through the blockade, is now threatened with a European Court action on grounds of violating the Rome and Maastricht treaty requirements on the free movement of goods.

Macedonia estimates the embargo is costing about $80m (£54.7m) monthly in lost exports and higher transport charges for shipping goods through the Black Sea port of Burgas in Bulgaria and Durres in Albania, a figure equivalent to about 85 per cent of average monthly export earnings.

Few exporters were as prescient as Izvorski, which abandoned plans to truck this season's early vegetables through Greece in favour of setting up a joint venture with a Vienna-based trading company to air freight about DM10m (£3.8m) of produce to markets in central and eastern Europe.

Macedonia's heavy industry, already in steep decline after losing markets in the rest of the former Yugoslavia, is grinding to a halt. The state-controlled steelworks in Skopje, the country's largest employer, shut down last month with the loss of around 8,000 jobs. Other large state enterprises which relied on a rail link with the northern Greek port of Thessaloniki appear close to collapse.

After shrinking by 15 per cent in 1993, Macedonia's gross domestic product was projected to decline by another 8 per cent this year. Per capita income dropped to around $700 last year, while the yearly inflation rate is around 70 per cent.

Yet despite the economic cost, the Skopje government is set for a prolonged stand-off rather than give in to Greece's demands that Macedonia change the symbol on its flag, associated with the ancient Greek kings of Macedonia, or amend the constitution to suit Greek sensitivities.

"Even if the Greeks lifted the embargo tomorrow, how do we know they won't impose it again? We have to reduce our dependence on Thessaloniki," says Mr Hari Kostov, deputy finance minister.

The government says there is enough oil stockpiled to meet requirements for another two months, long enough to set up a fleet of tanker trucks to import petroleum products from Bulgarian refineries.

Meanwhile, a search is on for bridge funding to build a 65km rail link with Bulgaria, to carry crude oil for the Skopje refinery and raw materials. The $120m project could be completed in nine months, as Macedonia's state-controlled construction and engineering companies have few contracts at present.

After repaying its share of the former Yugoslavia's debt to the World Bank, amounting to $106m, Macedonia is eligible for $80m in fresh loans, but is unlikely to start drawing down funds until next year.

# German jobs market faces shake-up

By Christopher Parkes in Frankfurt

Mr Ulrich Cartellieri, Deutsche Bank director, last week poked an uncomfortable finger into the guts of Germany's most testing economic problem: structural unemployment. The number of jobless in the country would increase from current record levels by a further 500,000 to 4.5m this year, he said.

Few believe it will stop there. Even economists who base their forecasts on comparisons with previous recessions say an end to the cuts is unlikely at least until mid-1995. But past experience is not a reliable yardstick. The cyclical nosedive that started in late 1992 exposed chronic structural deficiencies – most noticeably over-manning and over-payment – which had made much of west German industry uncompetitive.

The employers' response has generated widespread concern that unemployment is leading to a structural labour market crisis rather than a temporary, cyclical hangover. As Mr Cartellieri put it, the dole queues were the visible reflection of Germany's deficiencies as a place to do business.

By mid-1992, when international competitors had absorbed the worst of recession and were under way with restructuring, west Germany GmbH was still hiring and paying extravagant wage awards in response to the short-lived reunification boom in demand for everything from cars to biscuits. Unit labour costs rose 16 per cent relative to those in other industrial countries between 1989 and 1993, and numbers employed increased 1.4m.

The correction, as the unemployment figures and this year's sub-inflation pay awards show, has been sharp and painful. Available evidence suggests the pain is far from over. Even assuming one or two more years of pay restraint, as happened after the recession in the early 1980s, indications from west German industrial companies suggest none is contemplating hiring in the foreseeable future. Even though most are forecasting improved earnings, all are continuing to wield the axe which has already chopped 14 per cent of the region's manufacturing jobs.

The wholesale transfer of jobs abroad is also gathering pace. Low-tech, labour-intensive work is being shifted into eastern Europe. Investors, having decided that proximity to markets is worth more than the vaunted "Made in Germany" label, are building plants abroad for everything from chemicals to BMW cars.

Mr Cartellieri's finger pointed to two areas where there is real room for job creation: the under-developed service sector and part-time work. In passing, it delivered a sharp prod to the country's legislators whose rule books, he said, "hamper the establishment of the simplest entrepreneurial initiative".

As he indicated, antiquated restrictions on shopping hours made little sense in a country where 300,000 unemployed women were looking for part-time work.

The greatest and most fruitful prospects appear to lie in services. Official figures show between 35 per cent and 40 per cent of west Germans still earn their keep in industry, compared with around 30 per cent elsewhere in the European Union. Unofficial figures from the Institut der Deutschen Wirtschaft (IWD) in Cologne give the lie to a persistent German belief that anything which is not screwed together or has no wheels is of inferior value. It estimates that employees in all service industries, except retailing, now generate more added-value per head than manufacturing's overall DM90,000 (£35,000) a year. Banking and insurance workers top the rankings with DM160,000. More encouragingly, it discovered that two-thirds of all the new jobs created in the 1980s boom emerged in the official catch-all category of "other services", ranging from healthcare to film developing.

On the same theme, the Basle-based Prognos forecasting institute said the next 15 years could see the creation of some 2.5m new service jobs. That might eventually cover the losses mounting up as traditional industries restructure. If government responds to the proddings for deregulation from Mr Cartellieri and others, Germany GmbH might even come out of the crisis with its enviable post-war employment record intact.

# Airbus insurers await crash inquiry

By Gillian O'Connor

The British Aviation Insurance Group, which led the underwriting for the Russian-leased Airbus which crashed last month, said yesterday it was "too early to make a judgement" about reports that the pilot's son was at the controls before the crash. Mr Graham Lilley, senior underwriter, said they would wait for the results of the investigation before even considering whether insurance premiums for Russian International Airlines, the operator, would go up.

The claim for the aircraft hull alone could cost insurers $78m (£53m). There will be a further, probably smaller, amount for liability insurance, which covers the 75 passengers, baggage and freight.

The crashed Airbus was one of five insured last July for around $400m for the hulls. The risk was placed by Russian insurance company Lex Garant through London insurance broker Willis Correon.

Other US and European aviation specialists shared the risk.

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850, Fax ++49 69 5964481, Telex 416193. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colin A. Kennard as Geschäftsführer and in London by David G.M. Bell and Alan C. Miller. Printer: DVM Druck-Vertrieb und Marketing GmbH, Admiral-Rosendahl- Strasse 3a, 63263 Neu-Isenburg (owned by Hürriyet International).
Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, UK. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany Advertising) Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated under the laws of England and Wales. Chairman: D.G.M. Bell.

FRANCE
Publishing Director: D. Good, 168 Rue de Rivoli, F-75044 Paris Cedex 01. Telephone (01) 4297-0621, Fax (01) 4297-0629. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

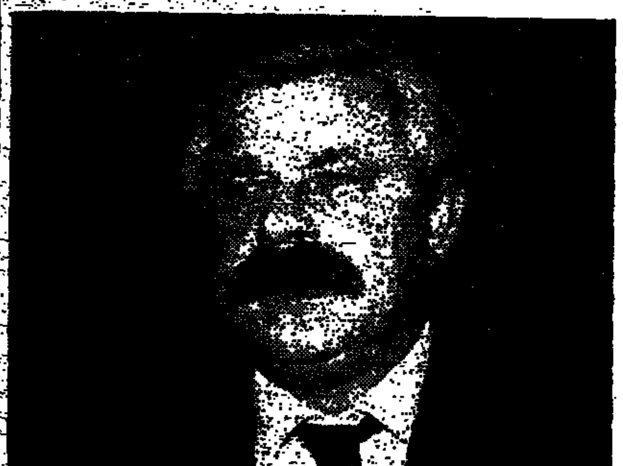
DENMARK
Financial Times (Scandinavia) Ltd, Vimmelskaftet 42A, DK-1161 CopenhagenK. Telephone 33 13 44 41, Fax 33 93 53 35.

EUROPEAN NEWS DIGEST

## Gen Rose to visit besieged enclave

UN Bosnia commander General Sir Michael Rose is to travel to Gorazde in eastern Bosnia today, amid intensified attacks by Bosnian Serbs on the Moslem enclave. More than 50 people have been killed there over the past week. Gen Rose will be the first high-level western official to visit the enclave since fighting began two years ago. The UN will also send additional military observers immediately to the besieged city and 1,000 Ukrainian peacekeeping troops within the next week or so. The UN said Bosnian president Aliya Izetbegovic had asked to accompany Gen Rose, but his request is likely to be denied because of the hostile Serbian reaction it would bring.

UN special representative Mr Yasushi Akashi also plans to travel today to Pale, the Bosnian Serb stronghold, to emphasise the UN's alarm at recent attacks by Serb forces and its intention to hold Mr Radovan Karadzic, the Bosnian Serb leader, directly responsible. The French medical charity Médecins sans Frontières, quoting its team in Gorazde, said Serb forces had broken through Moslem lines and were 3.5km from the town. *Laura Silber and Edward Mortimer, Zagreb.*



Rutskoi: 'Stop playing with consensus'

## Rutskoi vows to topple Yeltsin

Mr Alexander Rutskoi, the former Russian vice-president and recently released coup plotter, said yesterday he would fight to remove President Boris Yeltsin by legal means. His voice joins a growing opposition to Mr Yeltsin's efforts to achieve consensus. In an interview in the pro-Communist Pravda, Mr Rutskoi said: "We must stop playing with consensus or agreements and get down to work – to change the authorities by legal means." Mr Rutskoi is positioning himself to run for president in the next elections.

Mr Vladimir Zhirinovsky, the Liberal Democrat leader who is also a declared candidate for the presidency, has said he sees Mr Rutskoi as his greatest challenge. Mr Yeltsin has been trying to get an agreement with the parliament on a "Memorandum on Civil Accord". But Mr Gennady Zyuganov, leader of the Communist party, last week dismissed the accord, saying he could not accept its moratorium on changes to the constitution. *John Lloyd, Moscow*

## Zil lays off 60,000 workers

Russia's Zil car plant, famous for making the black limousines used by the Kremlin, is laying off more than 60,000 workers for a week because of a financial crisis. Zil said non-payment by customers had forced the suspension of the main production line at Zil, which also produces lorries. Zil was producing 800 trucks a day last week, with workers paid an average 100,000 roubles in March, well below the monthly average for Russia. Production fell to 100,000 units in 1993, from around 150,000 in 1992, and the plant was forced to introduce a four-day week in January. Officials said Zil, which sold part of its shares to the public in May 1993, needed an immediate cash injection of at least Rbs30bn to stay afloat. *Reuter, Moscow*

## Moscow's dollar dealers raided

Russian central bank officials have raided foreign exchange offices to force them to comply with regulations. Mr Viktor Melnikov, head of the bank's currency control department, said the clean-up was launched because up to a third of exchange offices in Russia could be operating without permission. "If you want to change some dollars in Moscow, it's a risky affair and you are never safe when left alone with those new businessmen who look more like criminals," Mr Melnikov said. The central bank had checked the accounts of about 900 exchange offices in Moscow opened by 101 commercial banks. Of these, 165 offices did not correspond to "civilised standards". *Reuter, Moscow.*

## Vaccines venture wins approval

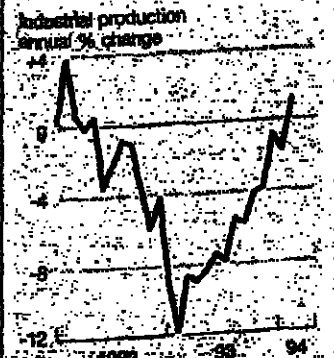
A joint venture between Merck, the US pharmaceuticals company, and Pasteur-Mérieux, a subsidiary of the French pharmaceutical group Merieux, has been approved by the European Commission pending further public comment. The Commission had originally indicated that the venture, which plans to develop new vaccines for diseases such as diphtheria and tetanus, would breach EU competition rules. But officials said it was exempted because of its potential public health benefits and because the companies had offered to grant distribution rights and manufacturing licences to other companies. *Gillian Tett, Brussels.*

## Museum staff threaten action

French unions threatened to close leading museums in a 24-hour strike planned for today to back demands for higher wages and better conditions. The CFDT trade union said the stoppage could close the Louvre and Orsay museums in Paris and the Versailles palace near the capital, and cause severe disruption at other museums. The four unions involved say the 2,500 museum staff are getting insufficient reward for increasingly complex duties. *Reuter, Paris*

ECONOMIC WATCH

## Exports lift German output




Source: Datastream

Industrial ouput in west Germany grew 1 per cent in February over January, but year-on-year figures suggested that while exports were up, domestic demand remained flat. Output in January and February together grew 0.1 per cent against the same period last year. Production of investment goods and consumer goods, key indicators of domestic demand, fell 1.1 and 2.9 per cent respectively. Only raw materials showed significant growth, with output up 4.3 per cent year-on-year, driven by increased export orders. Year-on-year growth of 3.3 per cent in construction was higher than expected, although bad weather was blamed for a 7 per cent fall in February over January. *Michael Lindemann, Bonn.*

■ The Association of European Airlines members' worldwide scheduled passenger traffic was 9.9 per cent higher in February against a year earlier, at 21.4bn passenger kilometres.

■ The Greek wholesale price index rose by 1.2 per cent in February, taking the annual rise to 8.8 per cent.

■ French car registrations were 14.3 per cent higher in March against a year earlier, at 188,600 units.

# Idle model city mourns a very Swedish past

**Hugh Carnegy** on a miracle cure that was no help at all for Uddevalla's ailing fortunes

Europe's changing cities

There are few more forlorn sights in Sweden than the waterfront at Uddevalla, once a thriving shipbuilding city standing at the head of a deep inlet along the country's rugged west coast.

Wharfside cranes stand idle and rusting, their jibs dipped mournfully towards the water. The big dry dock lies half-flooded and deserted. Old brick-built workshops nearby are empty and silent.

It is a scene familiar from other former shipyard towns in northern Europe. But just across from the dry dock is a sight that makes the plight of Uddevalla especially poignant. There stands a huge factory built less than 10 years ago by Volvo, the car manufacturer. It was to have revitalised the city just as the old ship building industry collapsed. But now it, too, is an empty shell.

Uddevalla, a city of 48,000 people, was supposed to be a shining example of what became known as the "Swedish model". In the 1980s, while the rest of western Europe began to struggle with high unemployment caused by the decline of traditional heavy industries, Sweden managed to keep jobless rates enviably low by a mixture of close co-operation between government, employers and trade unions and generous retraining schemes.

Faced with the closure of the state-owned shipyard in Uddevalla, the Social Democratic government used its clout – and some well-aimed incentives – to nudge Volvo into opening a car plant in the city. Volvo, at the time extremely profitable and keen to put into practice pioneering car making techniques which did away with tedious assembly line work, was happy to oblige.

It seemed like the perfect solution. Unemployment in Uddevalla actually fell after the shipyard laid off the last of its 4,500 workers in 1986 – to less than 2 per cent of the local workforce. Hotels sprang up and small companies moved in, encouraged by the Volvo investment.

But those heady days proved to be a false dawn. Crippled by falling car sales, Volvo closed its Uddevalla plant last year.

Unemployment in Uddevalla now stands at around 15 per cent – above the national average. The "Swedish model" has given way to a painful reality that is no different from the experience of other recession-struck European countries.

Officials at the Uddevalla Kommune (city council) admit they feel betrayed – and abandoned. "Now the government says the market must decide," says a bitter Mr Leif Molander, an elected member of the kommune board. But he and his colleagues are also realistic. "It seemed like a good solution at the time," shrugs Mr Lars Björneld, the planning director. "The problem was that Volvo couldn't sell enough cars."

In retrospect it is clear that the substitution of the Volvo plant for the shipyard was never as neat a solution as it appeared. Original plans to include a body and paint factory at the Volvo plant were dropped because of a row over emissions from the paint shop.

The assembly plant, which employed 930 people at its peak with an annual output capacity of 40,000 cars, did not start real production until August 1988, two years after the shipyard closed. By then most of the shipyard workers had found other work, leaving Volvo with a recruitment problem.

"In 1986 we had to say No to a number of very good people from the shipyard looking for work because we were not ready for them," says Mr Bengt Berntsson, a Volvo executive now seeking new tenants for the 100,000 sq metre factory. "Later, when we needed them, they weren't there any more."

This was especially ironic as much of the motivation behind Volvo's decision to built the Uddevalla plant, with its unique production system of small teams building whole cars, was to reduce the chronic problems of labour turnover and absenteeism it was experiencing at its headquarters in Gothenburg.

> The 'Swedish model' has given way to a painful reality . . . 'Now the government says the market must decide'

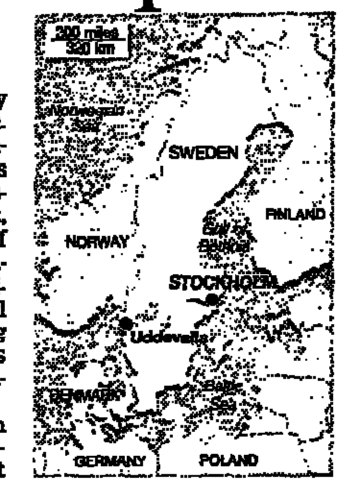
A keen debate persists within the motor industry over the viability of the team-based system. But the harsh reality was that a crash in Volvo sales left the company with 30 per cent excess capacity and in November 1992 it decided to close two of its three Swedish assembly plants.

Uddevalla was abruptly exposed to Sweden's recession. Jobs disappeared at an alarming rate as former stalwarts such as the construction industry slumped. The government, too, had changed. In place of the interventionist Social Democrats was a right-centre coalition under Prime Minister Carl Bildt whose recipe for making Sweden competitive again was a radical dose of market policies.

After two years of reform and a big currency devaluation, growth is returning, but domestic investment is lagging and there has been a wave of overseas investment by Swedish companies. Volvo has production plants in Belgium and the Netherlands. SKF, the big ball bearing maker which grew up in Sweden's west, now produces only 10 per cent of its output in Sweden.

The biggest employers in Uddevalla are the kommune itself and the local health service. "Our problem is that we need a large industry that can employ a lot of people as an anchor around which we can build," says Mr Molander. Uddevalla is currently working with a private group on the possibility of re-opening the shipyard.

But it is a project that would require an investment of SKr3bn (£260m) and Mr Molander admits it is a long shot.




An example of the way forward for the city seems more likely to be found in a small corner of the Volvo factory where Mr Bengt Bengtsson and two former colleagues from Volvo have set up a small components-sorting company employing 15 people.

"It is not realistic to go back to shipbuilding," says Mr Bengtsson. He speaks not just for Uddevalla but for all of Sweden when he says: "The mentality has to change. There is no tradition of small industry. We still have a high cost base in Sweden. But we have good educated people who are flexible and do not need a lot of management. The future lies in smaller businesses, not big industries."

# US presses for Pakistan nuclear deal

By Stefan Wagstyl in New Delhi

Mr Strobe Talbott, US deputy secretary of state, is due today to start a three-day mission to India and Pakistan aimed mainly at promoting regional nuclear non-proliferation.

Mr Talbott, the most senior Clinton administration official to visit south Asia, will be seeking to persuade Pakistan to accept a controversial offer from Washington of 38 F-16 fighters in return for a "verifiable cap" on its nuclear weapons programme.

## Deep suspicions could undermine Mr Talbott's hopes for nuclear security talks

Mr Talbott will also try to convince Indian officials to drop opposition to the deal, arguing that the threat to India posed by the new jets would be more than outweighed by the benefits of a cap on Pakistan's nuclear programme.

Mr Talbott intends to offer India as yet unspecified incentives to cap its own nuclear weapons programme. In each case this would involve halting weapons development and ensuring that work on nuclear power would not benefit a nuclear arms programme.

Washington's eventual goal is to arrange international nuclear security talks, possibly including Britain, France, Russia and China, as well as Pakistan, India and the US.

But deep mutual hostility between India and Pakistan, combined with suspicion about US motives, could undermine Mr Talbott's prospects. There is also opposition in the US Congress to tying arms sales to nuclear non-proliferation.

The administration insists the offer of warplanes in return for a verifiable cap on Pakistan's nuclear programme is a "one-off deal", born of Pakistan's special circumstances and not the forerunner of other "guns-for-nukes" transactions.

The 38 F-16s were ordered by Pakistan in the late 1980s and paid for. But before they could be delivered, Congress in mid-1990 imposed an arms export ban on Pakistan because of its refusal to abandon its nuclear weapons programme. Washington had had for some time evidence of Pakistan's nuclear capacity, but had refrained from taking action because it saw Pakistan as an ally in the Afghanistan war.

Until earlier this year, Washington insisted Pakistan should not only halt its nuclear programme but roll it back, meaning it should dismantle existing bombs. Now the US seems ready to permit Islamabad to keep the bombs it already has.

But Pakistani officials still have grave doubts, saying Pakistan will not cap its programme unless India also does and the dispute between the two countries over the troubled region of Kashmir is settled. Islamabad also wants delivery of a further 34 F-16s it has ordered though not yet paid for, plus assurances about future weapons supplies.

Meanwhile, India insists nuclear non-proliferation is a global rather than a bilateral issue with Pakistan. Officials point out that Washington sold Pakistan arms in the mid-1980s in return for pledges to refrain from making nuclear bombs and Pakistan made the bombs anyway. They believe the same would happen again.

In Washington, Senator Larry Pressler, the main congressional architect of the arms export ban to nuclear-capable countries, said recently he could not understand how supplying aircraft capable of delivering bombs to a country which had nuclear bombs helped slow the arms race.

US tries to melt ice, Page 6

# Japan's current account surplus rises

By William Dawkins in Tokyo

*Japan's politically troublesome current account surplus crept up in February for the third month running, to an unadjusted $11.94bn (£8bn).*

The increase, 0.1 per cent more than the $11.93bn recorded in the same month of last year, was in line with market expectations and reflects the sharp rise in the yen's value against the dollar in February.

This inflated the dollar value of exports and encouraged a rise in imports.

The February figure marks a slowdown in the rate of increase in the surplus, from the 30.9 per cent year-on-year rise in January's current account gap.

The trade surplus rose 2.5 per cent over the same period, to $12.9bn. That came on a 4.7 per cent increase in exports, to $28.8bn, and a slightly stronger 6.5 per cent rise in imports to Japan, to $15.9bn, a sign of a tentative pick-up in domestic demand.

In yen terms the surplus shrank 12.1 per cent from February 1993, to Y1,268bn (£8.3bn). This decline in the yen value of the surplus will continue, a Finance Ministry official forecast. Eventually the dollar value of the surplus is expected to follow suit, as the high dollar price of Japanese exports starts to erode sales.

Separately, machine tool orders fell 16.7 per cent in the year to February, according to industry figures, indicating a pause in the slight recovery shown in the previous month.

Foreign investors continued their buying spree of Japanese shares in February, setting a new record, the Finance Ministry announced.

They bought a net $11.3bn of Japanese stocks, beating the previous record, in January, of $10.5bn of net purchases. This completes an eight-month run in which foreign institutions were net buyers, a factor in the stock market's recent strength.

# Pakistan prepares for power crisis

## Worst-case scenario predicts six-hour electricity cuts each day, writes Farhan Bokhari

Pakistan is preparing for one of its worst power crises this summer as water levels at Tarbela and Mangla, two of the world's largest earth dams, and a large source of power generation for the country, remain critically low after a long dry spell.

The worst-case scenario predicts at least six hours of power cuts a day, senior officials say. That forecast has added a sense of urgency to efforts for attracting new investments in the power sector.

## 'Shortage of power is delaying production and investment,' an adviser to the prime minister says

The government estimates the country will be short of almost 7,000MW of electricity within the next five years, almost 60 per cent of the present total generation capacity of almost 10,600MW. Efforts to cut waste could save up to 2,000MW.

"The most critical shortage of all in the economic sector is that of power which is holding up our production, investment and causing a lot of inconvenience to people," says Mr V.A Jafarey, adviser to the prime minister on finance.

A recent report prepared by a government task force on energy forecasts that investment of up to Rs329bn ($10.8bn) would be needed to fill the gap. Only some Rs54bn in new private investments is currently projected, it notes. For the public sector to plug the gap "is totally unrealistic" in view of budgetary constraints, the task force adds.

Among incentives to attract investors, the task force has recommended increases in tariffs, and cutting down red tape.

Increased domestic use has been partly fuelled by growing imports of air-conditioners and other electrical appliances. Domestic users account for 40 per cent of total generated power, compared with only 10 per cent in 1970. The proportion is estimated to rise to 52 per cent by the end of the decade.

"Every dollar you invest in power is now giving you a lesser return," says one official, adding: "This is an unsustainable situation".

The government is also preparing a bill to be sent to parliament this month to punish the theft of electricity with up to five years' imprisonment. Up to 23 per cent of the power generated by the Water and Power Development Authority (Wapda), the largest power generation and transmission company, is lost in transmission, breakdowns, leakages and corruption, some officials estimate.

The government has also committed itself to privatising thermal power generation units of Wapda, which could together be worth $4bn-$5bn.

Mr Shahid Hasan Khan, an economic adviser to Prime Minister Benazir Bhutto, chaired the energy task force and supports a wider role for the private sector. He acknowledges the success of the initiative will depend on the extent to which foreign private investors can be attracted.

Bhutto: committed to privatising thermal power units AP

Mr Michael Woodruff, chief executive of the Karachi-based 1,292MW Hub power project, expected to be fully commissioned by summer 1997, says that "almost as important as money is time".

"If you can put together a project in a shorter time somewhere else offering a similar rate of return, you'll go to that place."

The Hub project, biggest of its kind in Pakistan to be backed by the private sector, took almost six years to move from planning and arrangement of a financial package to the actual ground-breaking last year.

Project sponsors had to deal with at least seven agencies. Mr Woodruff commends the government's decision to set up a "one-window" operation at the Ministry of Water and Power to deal with all the needs of project sponsors.

"You have to convince those coming from outside, in particular, that the bureaucracy isn't going to be a problem," he says.

Other businessmen also want to see if the government is able to resolve political controversies, the most important being that surrounding the Kalabagh Dam project in Punjab province.

Objections from Pakistan's North-West Frontier Province (NWFP) that the dam would cause flooding in a part of its territory have held up the project for well over five years.

Ms Bhutto's government has recently backed the sacking of the NWFP government led by Mr Sabir Shah, an opposition leader, after a breakdown in the provincial administration due to the defection of at least six provincial MPs.

If a new provincial government can be formed which supports Ms Bhutto's government, an agreement with Islamabad on the Kalabagh issue may be in sight.

For a country where the lack of generation capacity may in future threaten economic growth, any rainfall in coming weeks helping to raise the water levels in dams would bring only temporary relief.

Wei Jingsheng: allegations could lead to fresh jail term

# Key China dissident questioned

By Tony Walker in Beijing

China yesterday announced it was investigating its most prominent dissident for "new crimes" in a move that risks further inflaming international criticism of its human rights behaviour.

In a terse announcement, the Beijing Public Security Bureau said Mr Wei Jingsheng was "being interrogated" for repeated violations of the law.

The statement, carried by the official Xinhua news agency, said Mr Wei was "suspected of having committed new crimes when he was deprived of his rights and on parole". These serious allegations could lead to a fresh jail term for the unofficial leader of China's fragmented dissident movement.

Mr Wei, 44, was released on six months' parole last September after serving over 14 years of a 15-year sentence for allegedly transmitting military secrets to a foreign reporter and for "counter-revolutionary activities".

The possible jailing under new charges of Mr Wei, who first came to prominence in the pro-democracy agitation of the late 1970s, is certain to complicate a decision by President Bill Clinton on renewal of China's lower tariff access to the US market.

Mr Clinton said last year that a further extension of China's Most Favoured Nation trading status depended on "overall, significant improvement" in its human rights behaviour. He is obliged to rule by early June on whether to renew MFN.







## TENDER NOTICE

### UK GOVERNMENT ECU TREASURY BILLS

**For tender on 12 April 1994**

1. The Bank of England announces the issue by Her Majesty's Treasury of ECU 1,000 million nominal of UK Government ECU Treasury Bills, for tender on a bid-yield basis on Tuesday, 12 April 1994. An additional ECU 50 million nominal of Bills will be allotted directly to the Bank of England for the account of the Exchange Equalization Account.

2. The ECU 1,000 million of Bills to be issued by tender will be dated 14 April 1994 and will be in the following maturities:
**ECU 200 million for maturity on 13 May 1994**
**ECU 500 million for maturity on 14 July 1994**
**ECU 300 million for maturity on 13 October 1994**

3. All tenders must be made on the printed application forms available on request from the Bank of England. Completed application forms must be lodged, by hand, at the Bank of England, Securities Office, Threadneedle Street, London not later than 10.30 a.m., London time, on Tuesday, 12 April 1994. Payment for Bills allotted will be due on Thursday, 14 April 1994.

4. Each tender at each yield for each maturity must be made on a separate application form for a minimum of ECU 500,000 nominal. Tenders above this minimum must be in multiples of ECU 100,000 nominal.

5. Tenders must be made on a yield basis (calculated on the basis of the actual number of days to maturity and a year of 360 days) rounded to two decimal places. Each application form must state the maturity date of the Bills for which application is made, the yield bid and the amount tendered for.

6. Notification will be despatched on the day of the tender to applicants whose tenders have been accepted in whole or in part. For applicants who have requested credit of Bills in global form to their account with ESO, Euroclear or CEDEL, Bills will be credited in the relevant systems against payment. For applicants who have requested definitive Bills, Bills will be available for collection at the Securities Office of the Bank of England after 1.30 p.m. on Thursday, 14 April 1994 provided cleared funds have been credited to the Bank of England's ECU Treasury Bills Account No. 59005516 with Lloyds Bank Plc, International Banking Division, PO Box 19, Hays Lane House, 1 Hays Lane, London SE1 2HA. Definitive Bills will be available in amounts of ECU 10,000, ECU 50,000, ECU 100,000, ECU 500,000, ECU 1,000,000, ECU 5,000,000 and ECU 10,000,000 nominal.

7. Her Majesty's Treasury reserve the right to reject any or part of any tender.

8. The arrangements for the tender are set out in more detail in the Information Memorandum on the UK Government ECU Treasury Bill programme issued by the Bank of England on behalf of Her Majesty's Treasury on 28 March 1989, and in supplements to the Information Memorandum. All tenders will be subject to the provisions of that Information Memorandum (as supplemented).

9. The ECU 50 million of Bills to be allotted directly to the Bank of England for the account of the Exchange Equalization Account will be for maturity on 13 October 1994. These Bills may be made available through sale and repurchase transactions to the market makers listed in the Information Memorandum (as supplemented) in order to facilitate settlement.

10. Copies of the Information Memorandum (and supplements to it) may be obtained at the Bank of England. UK Government ECU Treasury Bills are issued under the Treasury Bills Act 1877, the National Loans Act 1968 and the Treasury Bills Regulations 1968 as amended.

Bank of England
5 April 1994

## CONTRACTS & TENDERS

### TAY ROAD BRIDGE JOINT BOARD
### FUTURE TELECOMMUNICATIONS FACILITIES

The Tay Road Bridge spans the estuary of the River Tay, is two thousand two hundred and fifty metres in length and presents a vital communication link between Dundee and Fife. Under the central walkway, there exists a service bay which currently accommodates water supply, electricity and telecommunication equipment.

*As part of an ongoing programme of major maintenance and upgrading, the* central service bay and pedestrian walkway are to be refurbished during 1995 and 1996. In planning for this, the Board is conscious that other utilities and telecommunication operators may be interested in using this improved facility.

Accordingly, the Board invites such interested parties to write to the CLERK at **TAYSIDE HOUSE, 28 CHRICHTON STREET, DUNDEE, DD1 3RT** before 30 April, 1994, indicating their interest.

Tayside House, Dundee
March 1994

C J LANGLEY
*Clerk*

## LEGAL NOTICES

1994 No. 0511
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
BRISTOL DISTRICT REGISTRY
In the matter of the Companies Act 1985
And in the matter of
Magnus Developments Limited
NOTICE is hereby given that the Order of the High Court of Justice, Chancery Division, dated 24th March 1994 confirming the reduction of the capital of the above named Company from £9,117,818 to £302,164 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above mentioned Act were registered by the Registrar of Companies on 26th March 1994.
Dated this 31st day of March 1994
Michael Evans & Company,
Pearl House,
Church Street,
Bridgwater,
Somerset TA6 5AT
Reference: RJK
Solicitors for the above named Company

1994 No. 0512
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
BRISTOL DISTRICT REGISTRY
In the matter of the Companies Act 1985
And in the matter of Magnus Homes Limited
NOTICE is hereby given that the Order of the High Court of Justice, Chancery Division, dated 24th March 1994 confirming the reduction of the capital of the above named Company from £656,003 to £307,858 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above mentioned Act were registered by the Registrar of Companies on 26th March 1994.
Dated this 31st day of March 1994
Michael Evans & Company,
Pearl House,
Church Street,
Bridgwater,
Somerset TA6 5AT
Reference: RJK
Solicitors for the above named Company

1994 No. 0510
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
BRISTOL DISTRICT REGISTRY
In the matter of the Companies Act 1985
And in the matter of Magnus Walds Limited
NOTICE is hereby given that the Order of the High Court of Justice, Chancery Division, dated 24th March 1994 confirming the reduction of the capital of the above named Company from £725,156 to £307,753 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above mentioned Act were registered by the Registrar of Companies on 26th March 1994.
Dated this 31st day of March 1994
Michael Evans & Company,
Pearl House,
Church Street,
Bridgwater,
Somerset TA6 5AT
Reference: RJK
Solicitors for the above named Company

1994 No. 0509
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
BRISTOL DISTRICT REGISTRY
In the matter of the Companies Act 1985
And in the matter of Magnus Estates Limited
NOTICE is hereby given that the Order of the High Court of Justice, Chancery Division, dated 24th March 1994 confirming the reduction of the capital of the above named Company from £380,369 to £305,497 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above mentioned Act were registered by the Registrar of Companies on 26th March 1994.
Dated this 31st day of March 1994
Michael Evans & Company,
Pearl House,
Church Street,
Bridgwater,
Somerset TA6 5AT
Reference: RJK
Solicitors for the above named Company

1994 No. 0508
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
BRISTOL DISTRICT REGISTRY
In the matter of the Companies Act 1985
And in the matter of
Magnus Holdings Limited
NOTICE is hereby given that the Order of the High Court of Justice, Chancery Division, dated 24th March 1994 confirming the reduction of the capital of the above named Company from £8,640,442 to £1,214,090 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above mentioned Act were registered by the Registrar of Companies on 26th March 1994.
Dated this 31st day of March 1994
Michael Evans & Company,
Pearl House,
Church Street,
Bridgwater,
Somerset TA6 5AT
Reference: RJK
Solicitors for the above named Company

SLOTTSEAL PLC (In Liquidation)
[illegible]
Date of Appointment: 30 March 1994.
N D Bacon & A M Mendes
Joint Administrative Receivers

## PERSONAL

# Natal emergency fails its first test

By Patti Waldmeir and Michael Holman in Johannesburg

South Africa's newly declared state of emergency in Natal Province failed its first serious test yesterday when security forces were unable to disarm thousands of Zulu royalists who marched through a northern town carrying spears and clubs in defiance of emergency regulations.

Police said it was too dangerous to disarm the marchers, despite the fact they were acting illegally. "We could not disarm them without bloodshed," Police Major Margaret Kruger said of the march in the coastal town of Empangeni, watched by heavily armed police with dogs and troops backed by armoured vehicles.

The incident raises questions over whether the state of emergency can reduce violence in Natal and the KwaZulu black "homeland" which it includes. More than 73 people have died in the five days since the emergency was introduced.

Many powers granted under the emergency were already available to the security forces under previous legislation, but could not be used because enforcement was too dangerous.

Addressing the march, which ended peacefully, Mr Zenzele Phakathi, an Inkatha Freedom party official, urged marchers to defy the emergency, which Inkatha views as a tool of the rival African National Congress: "We will make sure the state of emergency does not work in Natal/KwaZulu," he told the angry crowd.

Doubts over the efficacy of the emergency highlight the need for an urgent political solution in Natal, due to be the subject of a peace summit on Friday between the country's main political leaders. It was announced yesterday that international mediation, aimed at resolving the country's constitutional dispute, is to be delayed until next week. The ANC and Inkatha have yet to agree on the terms of mediation, casting doubt on prospects for rapid progress.

Pistol fire downed a civilian helicopter (above) in South Africa yesterday, sending it crashing into black township homes, police said, Reuter reports from Johannesburg. The pilot and three passengers survived with slight injuries, but one was robbed and another beaten by residents.

# Maghreb nations test EU's united front

## No common mechanism for handling powder-keg to the south, report **Lionel Barber** and **Francis Ghilès**

The spiral of violence in Algeria is forcing European governments to brace for the worst.

Last week France said it was closing its schools and cultural centres there, after advising its 2,000 remaining expatriates to leave if possible. In Brussels, the European Commission is worried the military government of President Liamine Zeroual is losing control.

The possibility of a fundamentalist Islamic Salvation Front government in Algeria is no longer excluded, a prospect which could trigger instability across North Africa, from neighbouring Morocco to Egypt. "There could be a domino effect," said Mr Manuel Marin, senior Spanish commissioner who controls trade and development policy towards the region. Mr Zeroual warned the five-nation Arab Maghreb Union at the weekend they were all at threat from Islamic fundamentalism.

The Algerian crisis provides a natural test for the European Union's fledgling common foreign and security policy. But member states are still wrangling over whether it should be funded from national budgets or the EU. Without agreement, there is no common mechanism or concept for dealing with the powder-keg to the south, a Brussels official says.

Instead, Algeria looks like turning into a case-study of how the interests of EU nation states continue to take precedence over a common EU foreign policy.

Five years ago, hopes were high that the European Commission could encourage the 12 member states to forge a new common policy toward the Maghreb, which embraces Algeria, Morocco and Tunisia as well as Libya and Mauritania.

The idea, spurred by an improbable Moroccan application to join the European Community in 1987, was to "anchor" the Maghreb to the EC through free trade and closer political ties. The rough model was the EU's approach to former communist states of central and eastern Europe, without the promise of membership.

The new Maghreb policy envisaged a shift from development aid to assisting small businesses in the hope of strengthening a nascent middle class, new balance of payments loans to smooth over debt repayments, and a Euro-Maghreb development bank modelled on the London-based European Bank for Reconstruction and Development. Most striking was its focus on human rights and the progressive liberalisation of trade.

The momentum behind the so-called EU-Maghreb partnership has since been lost. Some blame North African stubbornness in trade talks; others say the collapse of the Algerian economy in the past two years has exposed earlier hopes of closer relations as inflated. But the Europeans, including Mr Marin, are also under fire.

North Africans say the EU's emphasis on human rights and democracy is hypocritical. In January 1992, when the Algerian army suspended a second round of elections which the Islamic Salvation Front was expected to win, Europe's capitals were virtually silent.

Mr Marin argues it is time to tilt EU foreign policy more toward the Mediterranean rather than continue with the current preoccupation with eastern Europe. Member states must look beyond immediate allies and clients to the common interest. "Just as the future of the Baltic states cannot be a matter of interest only to Danes, Germans and British, so the fate of Algeria and Egypt cannot be of interest only to France, Spain and Italy," he says.

Mr Marin's task is made more more difficult because member states usually pursue short-term advantage, in the absence of firm guidance from the Commission.

Last year Spain insisted on protecting its Andalusian fishermen before it would agree to a new fisheries pact with Morocco. Madrid then copied French strong-arm tactics in the Gatt talks, forcing its EU partners to agree to a time extension for a minimum entry price for tomatoes, cucumbers and oranges to the Canary Islands.

The result was a blow to Moroccan exporters, hardly softened by Spain's claim it had to "consolidate" the Canary Islands into the EU's Common Agricultural Policy.

Efforts are now under way to secure compensation for Morocco; but Spain's arguments in favour of extra EU money to support Morocco's balance of payments are opposed by budget-conscious Germany and the UK.

Talks with Algeria are similarly vexed. The Commission remains unconvinced about the regime's reform-mindedness. It is insisting that Algeria sign a letter of intent with the IMF to allow rescheduling of its $26bn (£17.5bn) external debt and pave the way for much-needed economic restructuring. It also wants elections within two years.

Behind the scenes, the EU front looks less united. France is pressing its EU partners to support a balance of payments loan of about $1bn to Algeria, to offset lower oil prices. But the UK is sceptical about a shot in the arm which could delay economic reform.

In fact, the Commission proposed a similar $800m loan in autumn 1990 to support Mr Mouloud Hamrouche, then the reformist prime minister. But the French Treasury fought the idea. By the time President François Mitterrand presented his own $600m loan initiative in July 1991, Mr Hamrouche had been sacked. A golden opportunity was lost, senior Spanish and Italian diplomats involved said.

Mr Marin still hopes he can wrap up partnership accords with Morocco and Tunisia by the end of the year. Algeria could follow at a later date, but only if the regime takes action to reform its banking sector, open up the public sector and trim subsidies, he says.

Pressure for an early accord is high on both sides. In 1995 negotiations begin on the Maghreb's share of the Delors II budget package, one year before the EU's direct aid runs out.

Assistance could rise well above the present Ecu1.1bn (£859m) five-year programme.

Few doubt that the wily Mr Marin will squeeze out more money for his own budget. But Brussels officials concede the big challenge is to persuade people in the Maghreb that they share an interest in economic reform, open trade and closer relations with Europe, rather than Islamic fundamentalism.

"More must be done to stop the first domino falling," says one Spanish official.

Without such planning, the EU's dreams of a common foreign and security policy risk foundering just as they did when the Union was confronted, and failed to deal, with another crisis, in former Yugoslavia.

## NEWS IN BRIEF

# Israel seeks to sell state shipyard

Israel yesterday put state-owned Israel Shipyards up for sale by tender, writes Julian Ozanne in Jerusalem.

The company, which had annual sales of $37m (£25m) in 1992, builds and repairs ships for civilian and military uses and does repair works for the US Sixth Fleet.

The sale is part of the Israeli government's privatisation programme for 1994 which aims to raise $1.5bn and includes selling companies such as Bank Hapoalim, Bank Leumi, Israel Chemicals and the state airline El Al.

The Finance Ministry said investors interested in Israel Shipyards must submit bids by May 5 and that the sale would be completed within six months. According to the tender documents, the buyers are obliged to keep the concern as a shipping company and maintain existing labour agreements.

To privatise Israel Shipyards, in receivership since 1986, the government had to forgive $140m of debt under an arrangement with the company's creditors.

## Indonesian debt warning

Indonesia says its rising foreign debt, now $90bn (£60bn), requires serious attention because it is nearing the psychological level at which international donor confidence is reduced, Reuter reports from Jakarta.

If the debt level went beyond the $100bn mark, it usually had a psychological impact, Mr Saleh Afiff, economic co-ordinating minister, was quoted as saying by the official Antara news agency yesterday. The World Bank, which has praised Indonesia for sound economic management since the late 1960s, heads a consultative group of donors which last year pledged $5.1bn in fresh development aid.

Indonesia said on Monday it would avoid taking any surprise measures, including devaluing the rupiah.

## Malaysia expels journalist

Malaysia has expelled a journalist working for Inter Press Service (IPS), a news agency specialising in coverage of issues concerning developing countries, writes Jose Galang in Manila.

The work permit of Ms Leah Makabenta, a Filipina based in Kuala Lumpur, was cancelled following "an unspecified article deemed to be a threat to national security," the agency's Manila-based regional office for Asia and the Pacific said.

## Australian financier accused

Mr Russell Goward, former chairman of Westmex, the failed Australian investment group, has been charged by the Australian Securities Commission (ASC) over alleged misleading statements made in 1989, writes Bruce Jacques in Sydney.

The ASC said yesterday that Mr Goward, at present involved in bankruptcy proceedings, had received a summons to appear in court on April 11. Mr Goward was charged with making a statement likely to induce the purchase of Westmex shares, it added.

The ASC alleges he made a statement in writing on Westmex letterhead... "which he ought reasonably to have known was false or misleading in a material particular".

## Iran bans satellite dishes

Iran has banned satellite dishes used by thousands of people to watch foreign TV programmes, Reuter reports from Tehran. The cabinet has instructed the Interior Ministry to implement the ban within two months, the daily newspaper Salam quoted Mr Ali Mohammad Besharati, interior minister, as saying.

Satellite dishes began sprouting on rooftops two years ago. Salam reported last month that 400 dishes were being installed daily in Tehran despite warnings that foreign TV programmes were part of a western "offensive" to corrupt Iranians.

# Pace of global trade growth slower in 1993

By Frances Williams in Geneva

World trade growth slowed last year but a hoped-for economic recovery in western Europe and Japan may offer brighter prospects for 1994, the General Agreement on Tariffs and Trade says in a report published today.

The volume of world trade in goods rose by 2.5 per cent in 1993, well below the 4.5 per cent of 1992 but still ahead of world output growth of just under 2 per cent. The value of world merchandise trade fell by 2 per cent to $3,600bn (£2,425bn), reflecting the dollar's gain against European currencies and lower world prices for fuels and other minerals.

Although only limited data are available, Gatt economists estimate that trade in commercial services may have increased by around 3 per cent last year, against 12 per cent in 1992, to reach $1,030bn.

The report blames the 1993 slowdown primarily on recession in western Europe. Lower trade volumes and exchange rate effects led to a 10 per cent drop in the value of the region's merchandise trade, unprecedented in the post-war period. If trade within western Europe is excluded, the value of world goods trade rose by almost 2 per cent last year.

The outlook for 1994 remains uncertain. Merchandise trade volumes could expand by more than 5 per cent if recovery takes hold in western Europe and Japan by mid-year, Gatt predicts. "If, instead, delays occur..., trade growth is likely to be closer to last year's 2.5 per cent."

Trade and output grew fastest in North America, Asia and Latin America in 1993. Exports from Latin America and from six Asian exporters of manufactures (Taiwan, Hong Kong, South Korea, Malaysia, Singapore and Thailand) jumped by 9.5 per cent in volume terms, boosted by rising North American demand.

This was reflected in changed rankings among the world's leading goods exporters. The US, Germany and Japan retained their top three places but, further down the league table, Hong Kong, Singapore and Mexico moved up two spots to 8th, 16th and 17th respectively, while Malaysia jumped three places to 19th. China, which is pressing to rejoin Gatt this year, ranks 11th.

The rankings for commercial services exports show the US in first place, followed by France, Italy, Germany, Britain and Japan. Here, too, Asian exporters are gaining ground. Singapore, Hong Kong, South Korea and Taiwan all feature in the top 20.

# Mahathir assails labour-trade link

By Kieran Cooke in Kuala Lumpur and David Goodhart in London

Dr Mahathir Mohamad, Malaysia's prime minister, has made a strong attack on moves to link labour standards to trade issues under a new world trading regime, saying that such action would be disastrous for developing countries. However, Malaysia's own Trades Union Congress yesterday backed such a move.

"Our sole advantage is our lower cost of labour... there has been talk of levelling the playing field by removing the labour cost advantage we have," said Dr Mahathir. "But a level playing field is meaningless for midgets competing against giants."

More than 120 countries are due to meet in Marrakesh next week to sign the Uruguay Round trade accords. The US has said it wants a draft ministerial declaration at the meeting to include references to the relationship between what it calls "internationally recognised labour standards" and the world trading system.

Other developing countries have said labour standards are a matter for individual governments and should not be linked to trade issues. Last week Association of South-east Asian Nations (Asean) countries agreed to act as a bloc to prevent any "social clause" being included in future international trading rules.

The Malaysian Trades Union Congress has backed the call for a social clause in Gatt as have trade union centres in several other developing countries including Singapore, Pakistan, Uganda, and Ghana.

"We do not seek a global minimum wage, but what we do need is global regulation of the right of unions to exist, to organise and to carry out collective bargaining," the Malaysian TUC said.

# US tries to melt the ice with India

## Minister is in New Delhi to repair chilly relations, writes Nancy Dunne

Early in the last century, US trading relations with India amounted to the transport of ice by clipper ships from Boston to Calcutta. These days the trade flow is reversed, but the ice remains – in relations between the two countries.

Mr Strobe Talbott, US deputy secretary of state, is in India today to "underscore the importance we attach to the relationship", according to a Commerce Department spokesman. But his task will not be easy. With India identified as a trade and investment target, US officials are scrambling to counter a series of diplomatic blunders.

The Clinton administration, after 15 months in office, has yet to send a permanent ambassador to India. Former congressman Steven Solarz was nominated months ago but never made it through the confirmation process. Mr Frank Wisner, a top Pentagon official, is in line for the job but has not been nominated officially.

Meanwhile, Ms Robin Raphel, an assistant secretary of state, who caused an uproar by referring to Kashmir as a disputed territory, was in New Delhi last month trying to clear up "misunderstandings". The US, she said, had only one goal in Kashmir: to persuade India and Pakistan to negotiate a settlement to end fighting that has killed more than 8,500 people in four years.

Mr Jeffrey Garten, Commerce Department under-secretary for trade, acknowledges that the US is trailing its competitors in India. Officials from Britain, Germany, Spain, Singapore, Russia and the Netherlands have visited New Delhi, often accompanied by large business delegations. But visits by Mr Garten and his boss, Mr Ron Brown, the commerce secretary, remain at the planning stage.

Much is at stake. The US is India's largest export customer, but tariffs protecting India's domestic market are among the world's highest.

"Bureaucratic delays continue to hinder implementation of many infrastructure projects and block approval of foreign investment proposals," says Mr Garten. Inadequate legal protection of intellectual property and the weak enforcement of existing laws are also key concerns, he says.

US investment in India was $1.1bn (£738m) last year, more than twice the 1992 level. Mr Garten believes US exports to India could rise by as much as 10 per cent a year, from $2.8bn last year to $5bn-$6bn a year by the end of the century.

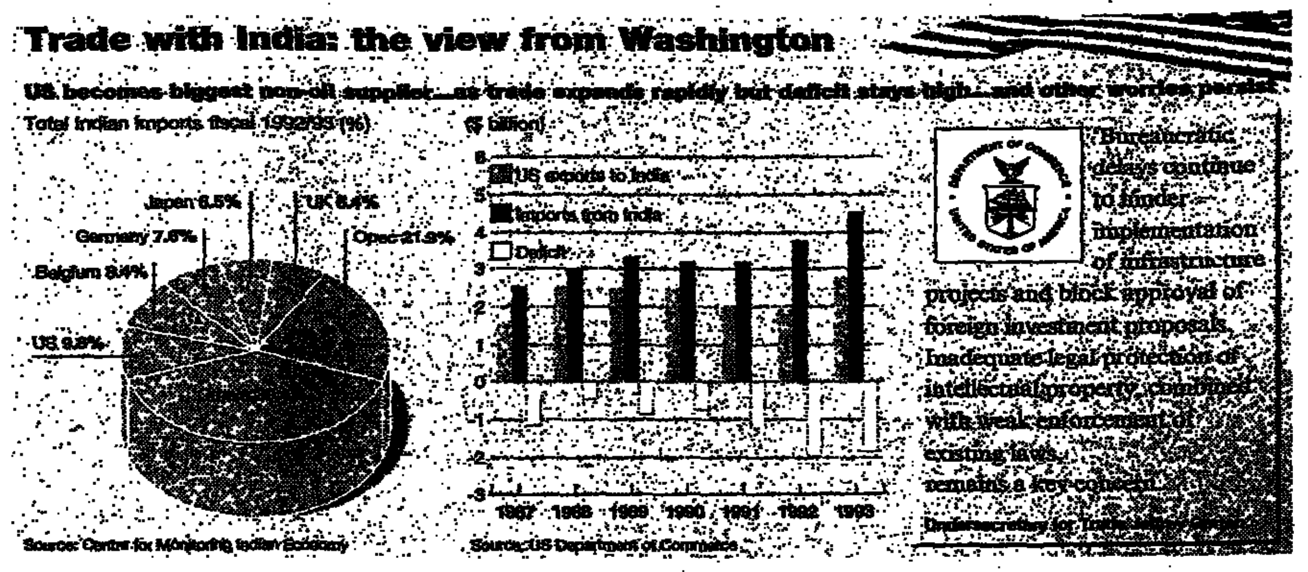
US aircraft and air traffic control exports, now running at $100m-$200m a year, are likely to expand. US aircraft and engine manufacturers are bidding in Air India's $1bn aircraft procurement programme.

Telecommunications companies are seeking paging and cellular licences and approval of large investments. Other US companies are bidding for Indian railways, locomotive and telecom network modernisation contracts.

Other opportunities are seen in the expansion of India's power generation, at a cost of several billion dollars in the next six years, and petroleum exploration.

The Commerce Department predicts that three-quarters of the growth in world trade in the next 20 years will occur in the developing countries, with most of the expansion in 10 "big emerging markets" of which India is one.

But the potential for US trade with India is being jeopardised by the frosty diplomatic relations between the two countries. President Bill Clinton's emphasis on human rights and his criticism of abuses in Kashmir have deeply offended New Delhi. As with China, he may have to choose between foreign sales – key to his domestic economic policy – or domestic moralising.




Baton-wielding Indian police tackle a demonstrator taking part in a left-wing protest in New Delhi yesterday against the Uruguay Round agreement likely to be signed by the government Reuter

# Softer French line over labour

By John Ridding in Paris

The French government yesterday struck a conciliatory tone concerning the incorporation of labour issues into international trading rules, reducing the prospect of a dispute with developing nations at next week's signing of the Uruguay Round trade agreements.

Mr Gérard Longuet, French industry minister, said France's aim was to stimulate a long-term debate on whether labour issues and workers' rights should form part of free trade agreements. But he said France wanted to avoid a damaging split between developed and developing economies at next week's Marrakesh meeting.

Mr Longuet said that France was not seeking to attach new labour standards to the Gatt treaty and sought to discuss "very general goals" such as the banning of child labour and forced labour. He added, however, that it was important for France and other countries to have the right to discuss issues of labour and trade as part of the World Trade Organisation, which is due to succeed the Gatt.

Mr Longuet's comments appeared to increase the chances of a smooth signing of the Uruguay Round trade agreements. The possibility of incorporating workers' rights into trade rules, raised by both the US and France, had brought strong opposition from developing countries, particularly in Asia.

The French government, however, struck a tough note in its position towards textiles trade. Mr Longuet said Indonesia, India and Pakistan had not made sufficient progress on liberalising their textiles markets in line with the new Gatt agreements.

# Import change for Mercedes

Mitsubishi Motors is taking over from this month the import and sales of Mercedes Benz trucks in Japan previously handled by Stuttgart Truck and Bus Sales, a joint venture with Daimler Benz, Michiyo Nakamoto writes from Tokyo.

The aim was to raise the efficiency of operations, Mitsubishi said. However, a minimum level of staffing would be kept in the joint venture, which would continue to operate for some time. Stuttgart Truck and Bus Sales is 60 per cent owned by Mitsubishi and 40 per cent by Daimler Benz. Since 1989 a total of 1,000 Mercedes Benz trucks have been sold in Japan.

# Brussels to consult business on single market

By Hilary Barnes in Copenhagen

European businesses will be asked at a conference in Copenhagen at the end of May to present the European Commission with examples of how technical obstacles to trade continue to prevent the proper functioning of Europe's internal market.

The conference is being held jointly by the European Commission, Denmark's industry ministry and the Federation of Danish Industries. The final date of the conference has yet to be fixed.

The decision to hold the conference follows a report to the Commission in February by the Federation of Danish Industries, complaining that Brussels was not doing enough to ensure the functioning of the internal market. It also documented the continued existence of numerous technical barriers to the free movement of goods.

"The commissioners are still living with the illusion that the internal market is functioning satisfactorily, but they won't be able to any longer once they have attended this conference," said Mr Soren Krohn, the Federation of Industries specialist on European policy.

# Caracas fund to buy poor quality loans from banks

By Joseph Mann in Caracas

The Venezuelan government plans a fund to buy poor quality loans from ailing banks as part its effort to restore the financial sector to health, according to Mr Enzo del Bufalo, head of the economic planning office (Cordiplan).

Six private banks are believed to be dependent on government financial assistance following heavy withdrawals in the wake of the collapse in January of Banco Latino, the country's second largest bank.

Mr del Bufalo stressed that the proposed fund, apart from helping to stabilise the banking system, is also expected to play a role in easing pressure on the country's international monetary reserves and reducing inflation.

The fund will buy bad loans from selected banks in order to improve their financial performance. In return, the government will demand they reduce purchases of US dollars for their own accounts, thus taking pressure off Venezuela's international reserves.

The country's monetary reserves fell by $1.7bn (£1.15bn) during the first quarter of this year, compared with a decline of $519m during all of 1993. However, the pace of reserve loss slowed considerably in March of this year, and the government still has reserves of around $10.9bn, equivalent to over a year of imports.

The government also expects borrowers whose bank loans are taken over by the fund to renegotiate payment terms. In return for more favourable arrangements, the government will ask beneficiary companies to keep price rises for their products below a 2.5 per cent monthly target.

Banco Latino, closed since January 18, has been re-capitalised by the government and re-opened under full government control on Monday. It has resumed most normal financial activities.

Mr del Bufalo also said the government would urge direct talks between business owners and employees aimed at replacing the existing system of worker severance benefits with pension funds.

Under current Venezuelan legislation, employers are required to set aside one or two months pay for each year of employee service, and to pay market interest rates on this sum.

# Military snub for Chilean president

By David Pilling in Santiago

Chilean civil-military relations were thrown into crisis yesterday when the head of the police force refused to resign over allegations of covering up the murder of three communist leaders in 1985.

General Rodolfo Stange publicly refused to step down after a long meeting with President Eduardo Frei, in a move which undermines the president's authority and highlights the limits of democratic rule, regained in 1990 after 17 years of military dictatorship.

Although under the 1980 constitution, drawn up by the military, the president cannot dismiss commanders of the armed forces, Mr Frei had made it clear that Gen Stange's position was no longer tenable.

Mr Milton Juica, a judge who has been investigating the case since 1989, said that Gen Stange may have "failed to fulfil his military duties" by impeding the investigation.

Mr Juica on Thursday sentenced 16 people, 15 of them former carabineros, to various terms of imprisonment for the murders. Three, including a former colonel, were given life terms, by far the stiffest sentences delivered in connection with the human rights abuses committed during the military regime, most of which remain unpunished.

Mr Germán Correa, minister of the interior, last week called on Gen Stange to "examine his conscience" after the publication of Mr Juica's findings. Mr Jorge Schaulsohn, president of the chamber of deputies, yesterday said Gen Stange ought to resign his post "as a patriotic act".

Gen Agusto Pinochet, who remains commander in chief until 1997, has strongly backed Gen Stange, as have top police officials who last week issued a statement saying: "The carabineros do not accept nor will accept any question... of placing in doubt the legality, transparency and honesty of the actions of the force or its commander."

# US leading indicators dip 0.1%

By George Graham in Washington

A small dip in the US Commerce Department's main economic forecasting index last month helped quench fears of overheating in the economy, but forecasters predict a rebound in March's index as a result of warmer weather.

The index of leading economic indicators dropped by 0.1 per cent after rising for six months in a row, the Commerce Department said yesterday.

The largest factors in the index's fall, however, were a shortening of the average working week and a decrease in building permits. Both elements were affected by February's severe winter storms, and both rebounded strongly in March. Higher prices for sensitive materials and lower claims for unemployment benefits were among the offsetting factors tending to take the index higher.

Private sector economists had generally expected a small drop in the February leading index, which is thought to predict the approximate level of economic activity several months in advance.

The Commerce Department said its index of coincident indicators, which is intended to move up and down in line with current economic activity, rose by 0.5 per cent after dropping 0.1 per cent in January. The index of lagging indicators, which provides a trailing signal of economic activity, fell by 0.1 per cent after staying flat in January.

# Easter double-header for Clinton and Nixon

By Jurek Martin in Washington

Bill Clinton met Richard Nixon on Monday night. They were not actually in the same room, town or state, and therefore did not discuss Russia, Whitewater, Watergate or any other great matter of the past or present. But, metaphorically, they were together.

The place was the Coliseum in Charlotte, North Carolina. The current president was in the stands as his home state university of Arkansas, where he was a law professor from 1973-76, played Duke, where Mr Nixon got his law degree in 1937, for the national collegiate basketball championship. It is a fair bet Mr Nixon was watching the game on television.

For Mr Clinton, it was the perfect end for the sort of Easter Monday that only presidents get to enjoy. It started on the White House lawns with an Easter egg hunt for children; it was levitated, via Air Force One, to the traditional throwing of the first ball at Cleveland's magnificent new baseball stadium; and it wound up in Charlotte, with his arms round the black and progressive Arkansas coach.

President Clinton congratulates Arkansas' coach Nolan Richardson for his team's win — Reuter

Mr Nixon, in his time, was the self-appointed nation's "first fan," though he preferred football. He used to volunteer suggestions to the then coach of the Washington Redskins, the very conservative George Allen, whose son is now Republican governor of Virginia, having been helped on his way by fundraisers organised by the 37th president.

But the current comparisons doing the rounds are far more political than sporting. Whitewater may never equal Watergate either in substance or climactic end result, but both men have found themselves on similar racks.

The Nixon approach to his crisis was to try to brazen it out, with a White House praetorian guard under Haldeman and Ehrlichman manning the drawbridge. The Clinton tactic over the tale of his family's land and financial dealings in Arkansas years ago was initially to deny almost everything and then to parcel out information bit by bit. Neither approach worked.

Both came to office burdened with opprobrious nicknames – "Tricky Dicky" and "Slick Willy" – which reflected their tendency to moralise and their quicksilver approaches to politics. Neither was easy to pin down or predict. Mr Nixon, the presumed foreign policy hardliner, opened the door to communist China; Mr Clinton's promise "to end welfare as we know it" would dismantle a Democratic party monument.

Both were also adept at stealing the political clothes of their opposition, with Mr Nixon advancing some policies, including wage and price controls, long favoured by the left and Mr Clinton attacking the budget deficit and crime almost as if he were a Republican.

The combination of their respective personalities and policies meant that both inspired something akin to hatred from those who believed they were morally disqualified for the highest office. For Mr Nixon 20 years ago, contempt came from liberals; for Mr Clinton today, it is from conservatives. But many in the middle confessed, then and now, to being made uneasy.

Both faced a hostile media, though comparisons here can only be taken so far. The Watergate story of "high crimes and misdemeanours" instigated by the White House may have been "broken" by a handful of young reporters but quickly came to consume the political and legal system and the country at large.

Whitewater still appears mostly a media-generated affair, with some assistance from Republican partisans, but underwhelming for the general public. The quality of much Whitewater reporting pales in comparison with what Bob Woodward and Carl Bernstein achieved over Watergate.

The consolation for Mr Clinton is that Arkansas just beat Duke on Monday night. The state whose entrails are now under the national microscope can boast a president and a national champion for the first time. The Cleveland Indians also won. The only bad Easter omen is that Hillary Clinton threw out the first ball in Chicago, but the local Cubs promptly lost.

# Plan to 'end welfare as we know it' bears heavy cost

By George Graham

President Bill Clinton may have to scale back his plan to "end welfare as we know it" because of the greater-than-expected cost of overhauling the US social safety net. The welfare reform plan drafted by a White House task force could cost as much as $58bn (£39.7bn) over 10 years, according to yesterday's New York Times.

The report, citing a memorandum written by the task force, says a "Cadillac version" of welfare reform could cost $18.4bn during its first five years, but might cost over $7bn a year more than the current system once fully phased in. Officials said the administration was likely to adopt a more limited version that would still cost $35bn over 10 years.

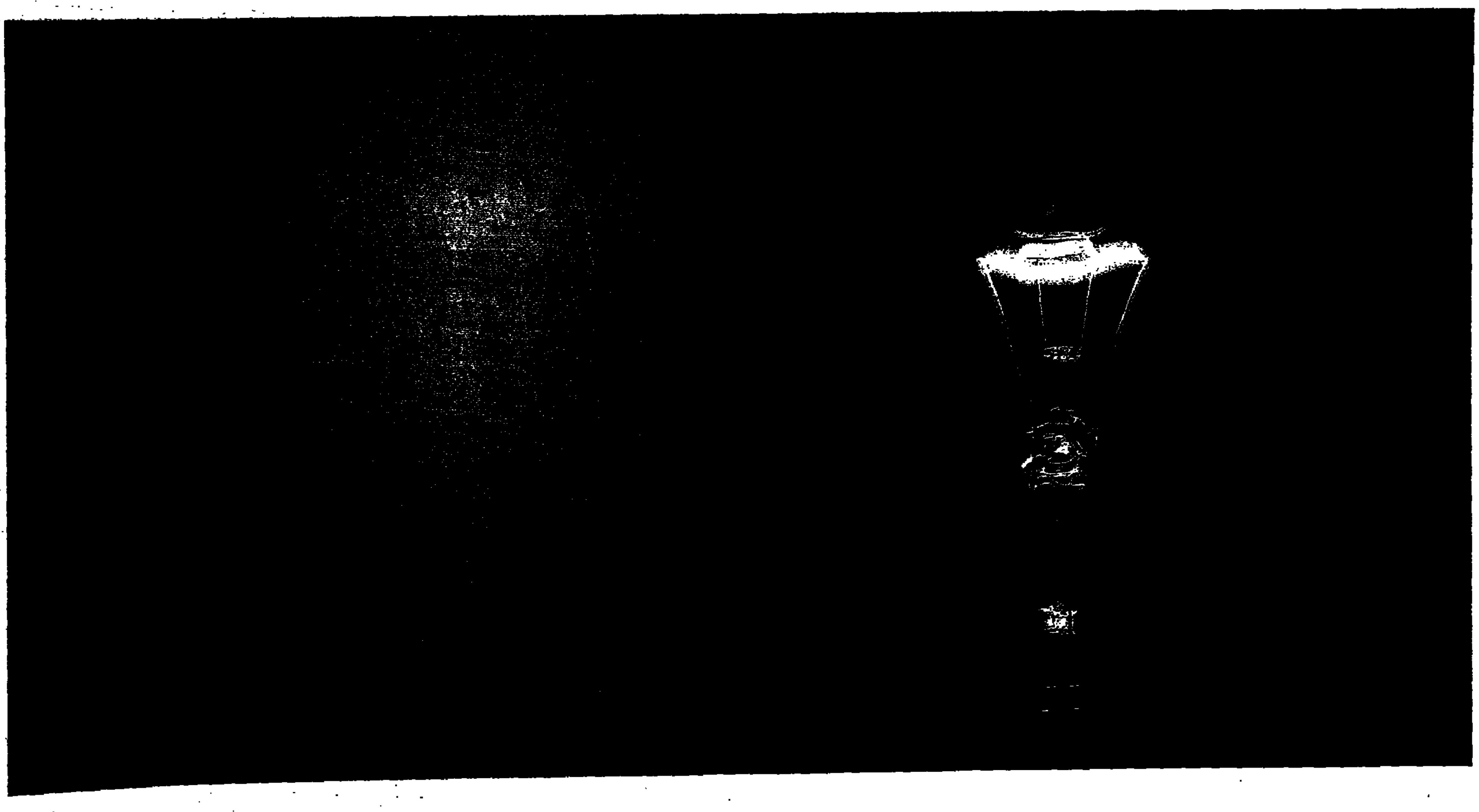
The core of the Clinton welfare reform plan – which is designed to fulfil one of his most popular campaign promises – is a proposal, with which several states are already experimenting, to require welfare recipients to work for their benefits after two years.

This is expected to increase the overall cost of welfare substantially, because of the need to create more training and work programmes, as well as to provide child care and health cover for participants.

The memorandum showed a 10-year cost of $12bn for expanded training programmes, $14.7bn for new work programmes and $16.3bn to provide child care for poor people who work. It also foresees savings of $8bn over 10 years from improved enforcement of child support payments, and of $2.15bn from allowing states to cap benefits to those who have more children after they enroll for welfare payments.

Under US budget rules, additional spending will have to be offset either by other spending cuts or by tax increases.

A rival Republican plan aims to finance itself largely by cutting off benefits to immigrants – a measure that has also been eyed by many states seeking to cut their welfare budgets, but which will draw fire from key Democratic constituencies, including Hispanic members of Congress and church groups.



# Power chief urges new model for regulation

By Michael Smith

The chief executive of National Power, the UK's biggest electricity generator, calls today for radical changes in the way Britain's utility industries are regulated.

Mr John Baker wants tribunals of three to five members to replace single regulators. In an article published in today's Financial Times, Mr Baker also suggests that the regulators should be brought together in a common organisation with colleagues from other industries and that their deliberations be open to more scrutiny.

Mr Baker's article will fuel a growing debate on utility regulation. Controversy is likely to increase this year and next as the number of industries affected by regulation grows through privatisation of the coal and rail sectors.

In addition, regulators will reach conclusions this summer on their reviews of water and electricity distribution industries. The results of both will be compared with a recent review of rates of return in the gas industry.

The water review is already causing deep concern among fund managers, two of which are urging water companies to appeal to the Monopolies and Mergers Commission rather than accept tough price limits.

Mr Baker compares the UK regulatory regime with that in the US and, while criticising the US system as "burdensome" and for promoting central planning, says Britain could "learn something from the Americans".

He suggests that tribunals rather than single regulators in the UK would remove the "cult of the personality" from discussions with industries.

A common organisation for the various regulators would "enable the quality of support staff to be raised and transfer experience between industries".

● Prices in the England and Wales electricity pool, the wholesale trading market for power, were near record high levels yesterday in a sharp reversal of the trend last month which saw the lowest average prices since the industry's privatisation three years ago.

Yesterday's level of 3.4p per kilowatt hour, the third highest daily average since the pool was set up in 1990, will anger the more than 1,000 large industrial companies which buy their power on prices related directly to the pool price. Today's average price is slightly lower at 3.2p but more than twice the average daily price of 1.46p of March.

Although such high levels are unsustainable, following an agreement on prices between the industry regulator and National Power and PowerGen, the two largest generators, they will be used by large power users who say the generators' ability to influence prices should be reduced.

National Power and PowerGen both lost market share last financial year to independent power producers. But the price they charge for their electricity remains the biggest single factor in determining pool prices.

Although neither National Power and PowerGen comment in detail on changes in pool prices, it is thought that last month's record low prices resulted from the desire of the companies to meet market share targets set for the year which ended in March.

John Baker Pg 17

# Upturn in Tory finances spur to MEP hopes

By Roland Rudd, David Owen and Ivor Owen

The Conservative party's finances took a marked turn for the better last year in a development which may improve the party's prospects in the forthcoming local and European election campaigns.

As Mr John Major was forced on the defensive with further questions over his leadership during a visit to Essex, southern England, it emerged that the party may have achieved its biggest-ever surplus in the financial year just ended – breaking a run of four consecutive deficits.

Sir Norman Fowler, the party chairman, said he believed the party had "turned the corner" as far as its finances were concerned, which meant "we will certainly be able to spend on the election campaigns."

He said the party now hoped to put on a "good show" with poster campaigns, particularly in the run-up to June's European elections.

A satisfactory performance in these and the local elections which precede them in May is universally seen as vital to Mr Major's leadership prospects.

The prime minister yesterday tried to shore up his embattled position by replacing "the wild world of Westminster" with the "real world" of Essex.

As more MPs privately predicted that he would be forced to stand down later this year, Mr Major, campaigning in the key consitituencies of Basildon and Harlow, fiercely denied that he was the cause of Conservative divisions.

Meanwhile at Westminster, Sir Norman called for a period of silence from Tory backbench MPs who have lost confidence in the prime minister. He insisted that Mr Tony Marlow, Mr John Carlisle and Sir Nicholas Fairbairn, the three MPs who have publicly called on him to resign, did not represent the view of the Conservative party in parliament or in the country.

Sir Norman suggested that all three would probably accept the title "maverick". He said the party "wants to get together, get behind the prime minister, and attack both Labour and the Liberal Democrats".

But while few MPs were prepared to publicly call for Mr Major's resignation, many said a leadership challenge in the autumn was inevitable unless the party performed unexpectedly well in the European elections.

Preliminary figures are believed to show that the Conservative party had a surplus of around £2m last year, which helped it to trim its accumulated deficit from £19m to £16.5m.

Income climbed from £11.5m to £13m, while spending fell from £12m last year (and £28m the year before that) to just £10m. Sir Norman said the improved picture would enable his policy of diverting resources from the centre to marginal constituencies would be able to continue.

● A 72-hour IRA ceasefire came into effect at midnight last night as Sinn Féin leaders prepared to travel to London to deliver a letter to Mr John Major calling for a positive response to the republican initiative, writes David Owen.

Mr Tom Hartley, Sinn Féin's national chairman, is today expected to use a London press conference to repeat calls for the British government to open direct talks with republican leaders aimed at providing "clarification" of the Downing Street peace declaration.

But there was still no sign last night that the IRA's gesture had succeeded in exposing differences between the British and Irish governments.

Cutting a dash: Chris Boardman on route to an Olympic pursuit gold medal at Barcelona

# Superbike designer joins Giant

Michael Burrows, designer of the carbon fibre and titanium "superbike" on which Briton Chris Boardman won a pursuit cycling gold medal at the 1992 Olympics, has signed a contract to work for Giant, the Taiwanese cycle producer, writes John Griffiths.

Although the "superbike" was designed by Mr Burrows, its patents are owned by Lotus Engineering, which says the launch of a £3,000 roadgoing version of the "superbike" is now imminent.

Nearly two years have elapsed since Lotus, sold recently by General Motors to Bugatti, first announced it was looking for a partner to put the cycle into production.

Mr Burrows claims to have made his decision to join Giant only after being ignored by British cycle makers including Raleigh, the UK's biggest producer making 600,000 cycles a year - Raleigh denies any formal contacts.

Giant is one of the world's biggest cycle manufacturers, making around 1.6m a year, almost entirely for export. It is thus one of the UK industry's fiercest competitors.

# Lab order goes to German supplier

By David Owen

The Ministry of Agriculture Fisheries and Food's new central science laboratory in Ryedale, in rural North Yorkshire, northern England, is to be equipped with German furniture, although a British company has offered to supply the contract more cheaply.

UK government ministers have decided against awarding the contract, believed to be worth some £2m, to Cygnet Laboratory Furniture, a Sycamore Holdings subsidiary, despite acknowledging that such a move would produce a £70,000 saving.

They attribute the decision – which comes less than two months after Mr John Gummer, the UK's environment secretary, set up a taskforce to cut British imports of building materials – to doubts about whether the quality of Cygnet's trial samples could be sustained over the period of a mass production run.

According to Mrs Gillian Shephard, agriculture minister, the saving "did not outweigh the perceived risks to quality standards".

Mr John Major, the prime minister, confirmed the decision earlier this week in a letter to Mr Peter Thurnham, MP for Bolton North East who has been fighting Cygnet's corner, and said he understood the concern at the contract going to the German company Waldner MSA.

"It is always our preference that such contracts should go to British firms, where they can satisfy the requirements on price and quality [and subject, of course, to Community and other rules]," Mr Major said.

Mr Thurnham is now understood to have asked Mr Michael Heseltine, trade and industry secretary, to pursue the matter further.

# Tests held on bowel cancer vaccine

By Clive Cookson, Science Editor

British scientists have developed an experimental vaccine for bowel cancer, the second most common cause of cancer deaths in industrialised countries.

It is being tested first as a potential treatment for patients with advanced cancer but it could be used eventually as a preventive vaccine for people who are known to be genetically at risk of colo-rectal (bowel) cancer.

The Cancer Research Campaign, which funded the vaccine's development at Nottingham University, in the English Midlands, said yesterday: "The first clinical trials indicate impressive results in patients."

ImClone Systems, a New York biotechnology company, has signed an exclusive worldwide licensing agreement with the Cancer Research Campaign to commercialise Vaccine 105AD7, as it is known.

ImClone is a leader in the fast-growing research field of cancer vaccines; it is also testing vaccines for lung cancer and melanoma.

Drs Lindy Durrant and Adrian Robbins, who developed 105AD7 at Nottingham, say it not only has the potential to prevent bowel cancer or stop the disease progressing but also has the advantage of producing no toxic side-effects – unlike conventional treatments.

The encouraging first results came from tests on a dozen patients with advanced bowel cancer; they will be published next week.

The Cancer Research Campaign is now organising a larger clinical trial, based at Nottingham, with 350 patients.

The vaccine is designed to mimic a particular "antigen" on the surface of tumour cells. This primes the patient's immune system to recognise and attack the cancer cells themselves.

Every year more than 28,000 people in the UK are diagnosed with bowel cancer, of whom only 9,000 will be alive five years later. In the US, the disease kills 55,000 people a year.

"Bowel cancer is the second most common cause of cancer death in the west," said Prof Gordon McVie, Cancer Research Campaign scientific director.

"The fact that there has been no significant fall in mortality over the last 40 years emphasises the urgency for research into more effective treatments, earlier diagnosis and, most important of all, prevention," he said.

"We believe this is an exciting discovery which could improve survival rates without the side-effects associated with conventional chemotherapy," said Prof McVie.

# Theatre ticket code for West End

By Michael Skapinker, Leisure Industries Correspondent

Theatregoers will have no difficulty getting into London's West End musical Phantom of the Opera this Friday – provided they are prepared to pay between £50 and £85 for a ticket that might have cost between £14 and £30 at the box office.

The London shops that sell tickets for theatres and sporting events say they are simply helping to meet the excessive demand for the capital's events at free-market prices.

The Department of Trade and Industry disagrees and yesterday published draft regulations which will require those who resell entertainment tickets to make clear to buyers not only what the original price was, but also whether they might end up sitting behind a pillar.

Lord Strathclyde, consumer affairs minister, said: "People are outraged when they pay high prices for what they think are good quality tickets, only to discover later that their face value is much lower."

The proposed regulations will require agents to tell buyers all the information on the ticket. When buyers make their purchases in the shop, agents must either give them this information in writing or show them the ticket. The department said this must be done "in a manner which enables the buyer to read the details clearly; information given orally will have to be given in a manner that is comprehensible."

Yesterday's draft regulations, which will be enforced by trading standards officers, are the department's second set. The first version was issued last July. The new draft includes tickets sold as part of travel packages.

Mr Tony Anderson, managing director of All Tickets, a West End agency, said he was happy. "No problem at all. We always tell people where they stand. It's understandable if people don't want to pay over the odds for a ticket. If people do, the reason they are paying a premium is the show is sold out. We're ticket brokers. It's a bit like the stock exchange."

# Regulatory shadow falls over the selling of the sunshine business

## Michael Skapinker on links between travel agents and tour operators which may prompt an inquiry

Mr David Crossland, chairman of the Airtours package tour group, tells the story of how, as a travel agency employee in the 1960s, he won a holiday in Spain as a reward for his sales performance.

There is nothing new in tour operators offering travel agency staff incentives to sell their holidays rather than those of a rival. Independent travel companies complain, however, that the practice is increasingly used by large tour groups to deprive smaller operators of business.

Within the next few weeks, the Office of Fair Trading is expected to announce whether it is referring the package holiday industry to the Monopolies and Mergers Commission. The OFT announced it was investigating the industry in June last year. It is understood to have completed its investigation and to be preparing to announce its decision.

The OFT inquiry has divided the holiday industry into two camps. On the one side are Thomson and Airtours, the two largest tour operators, which respectively own Lunn Poly and Going Places, the two biggest travel agency chains.

Neither Thomson nor Airtours would comment on what conclusion they hoped the OFT would reach. Both groups have argued in the past, however, that the travel market is so competitive that it is ridiculous to talk of customer choice being restricted. Airtours says it sells only 4 per cent of its holidays through Going Places.

In the other camp are the small travel companies, many represented by the Association of Independent Tour Operators. Mr Christopher Kirker, the association's chairman, says: "We hope the OFT will take the view that the march of the multiple travel agents in the high street is increasingly restricting consumer choice."

According to Mr Kirker his members are finding it difficult to get their brochures displayed on the racks of the large retail chains. When they do persuade large travel chains to sell their holidays, they are asked for increasingly high commissions, he says.

The small companies have recently won a new ally in the form of Owners Abroad, the third biggest tour operator. Thomas Cook, the third biggest travel agency chain, has a 21 per cent stake in Owners Abroad. Mr Francis Baron, appointed Owners Abroad chief executive last November, says this relationship is an arm's length arrangement and does not give his group the sort of advantages Thomson and Airtours enjoy through outright ownership of travel agents. He says the practice of giving counter staff cash payments for selling their parent company's holidays makes it difficult to compete.

The most detailed allegations have come not from a rival tour operator but from Ilkeston Consumer Co-operative Society, which has nine travel agents. The society is taking legal action against Thomson for allegedly restricting the supply of brochures its. It also alleges Thomson threatened to deny it access to its computer system unless it promised not to offer bigger discounts on other operators' holidays than it did on Thomson's.

The chain said it received a letter from Thomson last December which said: "We very much hope that during the period from December 27 to February 28 you will not be discriminating against Thomson in your discounting campaigns." The letter added: "We intend to review our distribution policy in the first quarter of next year. We will be examining every aspect of our commercial relationship with retail partners. Those who support us will see benefits, those who do not support us will lose some of the benefits they currently enjoy." Thomson said it could not comment on the allegations. But it said: "Thomson intends to defend the action vigorously."

# Glasshouse growers throw stones over cheap EU imports

By Deborah Hargreaves

British salad growers are ditching thousands of boxes of home-grown lettuce this spring as they struggle to compete with cheaper imports.

Wholesale prices have halved over the past month causing severe financial problems for the traditional British glasshouse producers.

"We've dumped 20,000 boxes of lettuce at the top of the nursery and just left them to rot," said Mr Norman Lee who runs Southgate Growers in Chichester, on the English south coast.

He specialises in supplying produce for the lucrative winter months when demand for salads is low, but prices are usually high.

This market is now being filled by a flood of low-priced imports and Mr Lee's receipts have dropped by 25 per cent. Spanish shipments of iceberg lettuce are expected to rise by 10,000 tonnes this year to 79,000 tonnes. This compares with just 1,600 tonnes in 1985.

The European Union's single market rules mean that low-cost Spanish growers can target high-priced northern markets where expensive glasshouse producers find it hard to compete with imports.

The problem casts a questionmark over the future of the British glasshouse sector, which had a turnover of an estimated £1.8bn last year - with salad crops such as lettuce and tomatoes worth £160m. The Spanish sunshine makes it much cheaper to grow salad crops there, threatening to make glasshouse production obsolete.

Changing tastes have also led the consumer to abandon the British round lettuce in favour of more exotic imports. Round lettuces have held their market share in previous years because they have been considerably cheaper than imports, but as Spanish production has expanded, that price differential has been eroded.

However, Mr Graham Ward who runs Snaith Salad Growers in Goole, North Humberside, believes the Spanish lettuce are being sold below cost to UK supermarkets. "The Spanish prices are totally unrealistic," he said.

Mr Ward reckons that the break-even price for a box of 12 lettuce including transport from Spain to the UK and packing costs would be around £2.80 to £3, but boxes of iceberg are now being sold at £1.50. The drop in price has slashed his turnover from a typical £2.5m a month to £1m in March.

Mr Colin Pickthall, Labour MP for Lancashire West, challenged the government last week to look into the dumping of Spanish lettuce in the UK market. Mr Michael Jack, fisheries minister, replied that if growers could supply evidence of unfair state aids to Spanish producers, he would investigate.

Growers say it is difficult to find any concrete evidence of subsidy. But they are infuriated that they must suffer when the rest of European agriculture is, they claim, cushioned by the Common Agricultural Policy.

Mr Derek Crossley, a lettuce grower near Selby, North Yorkshire, says he is struggling to survive when he can only sell three-quarters of what he produces. "Over the past two years I've invested £53,000 into the business which we'd put away to retire on, but now we've run out and I think I'm going to go under," he said.

## Britain in brief

### Solar, wind and fuel cell energy urged

The government is hoping to attract £3bn of private investment in renewable energy sources, but has ruled out tidal power and geothermal research for further subsidies.

Mr Tim Eggar, the energy minister, said in a statement on renewable energy strategy that subsidies, which are budgeted at just under £20m this year, will be concentrated on key technologies which are environmentally acceptable and have good prospects of commercial exploitation. He mentioned solar, wind, fuel cells and energy from coppice (managed woodland) and waste.

Mr Eggar's statement, which reaffirmed the government's goal of creating 1500MW of renewable energy capacity by the year 2000, came in response to the 1992 report of the Renewable Energy Advisory Group.

### Export hopes at two year high

British exporters are more confident about their prospects than at any time over the past two years, according to a DHL Gallup survey, but many are worried that manufacturers are pricing themselves out of world markets.

Almost seven out of 10 manufacturers surveyed have good or excellent expectations for export orders over the next 12 months and 56 per cent have the same view for the next three months.

The outlook for British exports has improved since sterling left the European exchange rate mechanism in September 1992. However, 31 per cent of manufacturers fear that companies are using the pound's competitiveness to raise prices. The survey of 501 manufacturing exporters was conducted on March 10 - 17.

### Last deep coal mine to close

Miners at Tower Colliery, the last British Coal deep mine in south Wales, are expecting to be told of the pit's proposed closure today after the corporation expressed "serious concern" about its future.

### Young people 'missing'

Far more young people than officially realised are neither in further education, training nor work, according to a study by the University of Wales, Cardiff.

It estimates that up to 23 per cent of 16-17 year olds who have left school fall into this category.

While the study is based on South Glamorgan, Mr Paul Sheldon, chief executive of the local training and enterprise council, says the county is not atypical and the results have national implications.

### Business school seeks new head

Manchester Business School has started an urgent search for a new head. Candidates will have to be ready to start in September and be immediately available part-time.

Mr James Ross, chief executive of Cable and Wireless and chairman of the school's board, said there was no time to follow normal recruitment practice because nearly two years had passed since the school's name was damaged in a public row over its future.

Manchester Business School and its London counterpart were the first graduate institutions created in the UK in the 1960s to improve management education.

### ITN signs deal with Medialink

Independent Television News has signed an exclusive deal with Medialink, the world's largest supplier of video news releases.

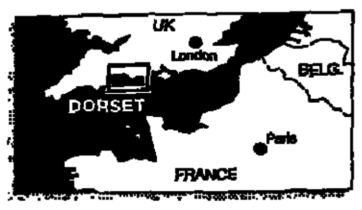
Video news releases, the television equivalent of press releases are being distributed around the world by satellite in increasing numbers.

Under the deal Medialink will use the award-winning camera crews and technical facilities of ITN. The actual agreement, however, is with News Services, the facilities arm of ITN, and ITN journalists will not be involved.

FINANCIAL TIMES SURVEY

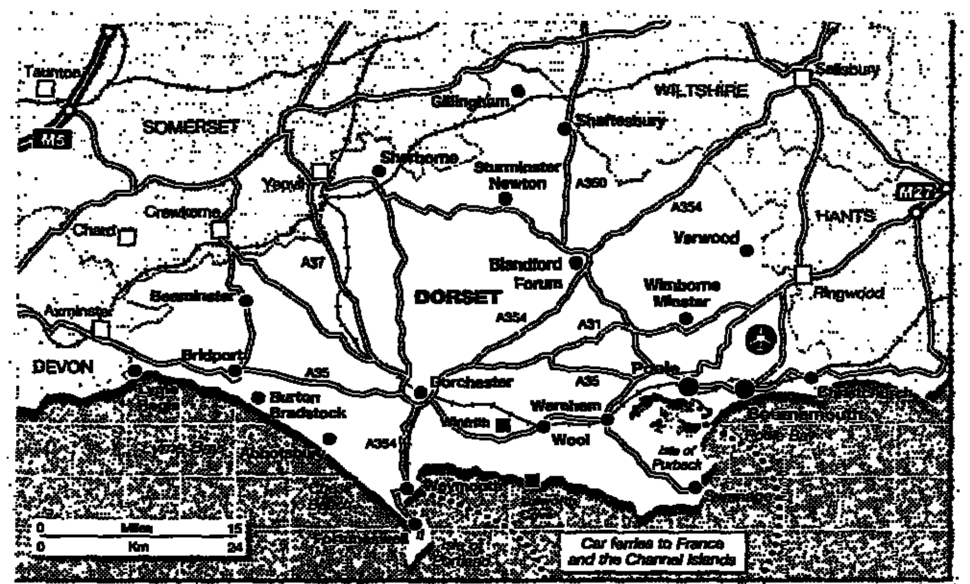
A five-page survey with sector-by-sector reports and local contacts list

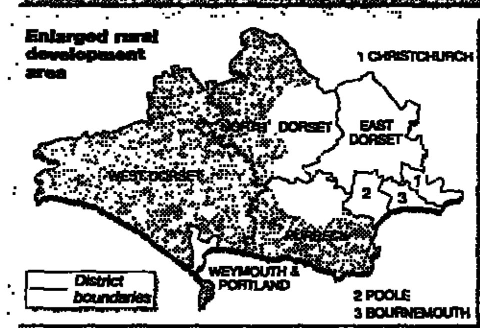
# BUSINESS IN DORSET

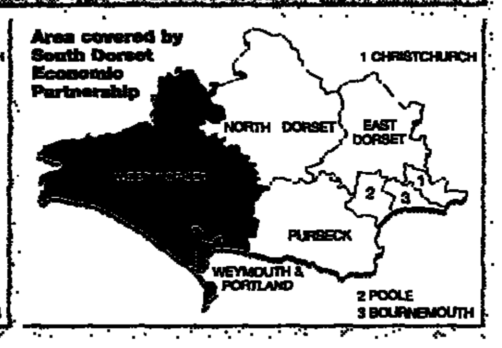



Wednesday April 6 1994

Some 1,300 sq km of the county are designated areas of outstanding natural beauty *Picture: West Country Tourist Board*




## County at a crossroads

### The recession, coinciding with cutbacks in defence spending, caused a shock to the system in Dorset. **Roland Adburgham** reports

The Tolpuddle martyrs, the six farm labourers from the village near Dorchester who were sentenced in 1834 to seven years' transportation to Australia for trying to form a union, were fortunate not to have been accused of vandalism.

A plaque dating from 1828, now in the Dorchester museum, warns that anyone "wilfully injuring any part of this county bridge" could be whipped and transported for life.

Dorset still has its landowning legacy but its image of a rural county, known for Thomas Hardy, Corfe Castle, seaside resorts and sailing in Poole harbour, is much less than the full picture.

Agriculture and fishing employ only 2 per cent of the workforce. While tourism and leisure remain leading industries, employment in banking and insurance in the south-east Dorset conurbation of Bournemouth, Poole and Christchurch grew by 82 per cent in the 1980s. The diversified manufacturing base ranges from high-tech defence contractors to builders of luxury motor yachts and the breweries of Eldridge Pope and Hall & Woodhouse. Onshore oil is produced at Wytch Farm by British Petroleum.

During the 1980s, overall employment in the county grew by nearly 16 per cent. The advantages were obvious: Bournemouth is only 100 miles from London; Poole and Weymouth ports provide access to the European continent; the workforce is skilled and stable and the countryside fosters a pleasant way of life.

In 1990, unemployment was only 3.2 per cent and Dorset's population had become one of the fastest growing in the UK. Whereas in 1961 the population was just under 600,000, it is now about 670,000 and projected to reach more than 730,000 by 2001. Most of the increase is due to migration from south-east England and, although that includes many retired people, the working-age population grew in the 1980s by 14 per cent, compared with only 4 per cent for England and Wales.

Dorset in that decade gave the impression of being laisser faire – no one needed to be persuaded to come. The recession, coinciding with cutbacks in defence spending, caused a shock to the system.

Mr Rex Symons, chairman of Dorset Training and Enterprise Council, says: "We've seen in the recession something which never happened before in Dorset. It affected all sectors – tourism, financial services and manufacturing – and the change in the defence industry has been profound."

"We were the soft underbelly," comments Mrs Beryl Kite, chief executive of Dorset Chamber of Commerce & Industry. "Had we known it, all the components were against us. It absolutely socked us – we had no experience of this in Dorset."

Dorset is now at a crossroads. In one sense, this is almost literal. It has fast road and rail links towards Southampton and London, but suffers from poor connections between the coast and north and to the west. Dorchester, in the west, remains the county town but the economic heart is the south-east conurbation, which has 410,000 people within its travel-to-work area. The county tends to split, therefore, between west and east – with the conurbation looking more towards the central southern region, rather than south-west England.

The economy, too, is at a crossroads. There is a cognisance of the implications of high unemployment – 10.1 per cent in February – combined with a rising population and the certainty of further defence retrenchment. Describing the state of the local economy, Mr Peter Harvey, chief executive of the county council, says: "I don't think desperate is overstating it. We are caught two ways – there are more jobs to find but fewer opportunities."

In response, public and private sector initiatives have been launched to regenerate the economy. "It is very encouraging to see the sectors working together rather than going down parallel tracks," Mr Harvey says. "Instead of bickering, we are all facing in the same direction."

A county-wide forum, Partners for Prosperity, has been established to develop a strategy, encourage inward investment and press the county's case with the UK government and in Europe. Mr Tony Ward, its chief executive, says: "There was a realisation that being smug about Dorset was no longer good enough." Another forum, South Dorset Economic Partnership, has been set up to counter the problems caused by the defence rundown in Weymouth and Portland, where the naval base is to close in 1996.

A further grouping, South Coast Metropole, has been formed by the local authorities of Bournemouth and Poole with Portsmouth and Southampton, which together call themselves "the urban focus of the south coast." Its purpose is to promote the region's interests within Europe and to form a "transmanche region" with the similar Normandie Metropole of Le Havre, Rouen and Caen.

"There is a complete change in attitude to economic development," says Mrs Kite. "The county is still a bit shell-shocked – but we've picked ourselves up and dusted ourselves down. We hope the worst is over now. We are leaner and meaner."

This month, a one-stop Business Link advice service opens to assist indigenous growth. Small enterprises are the mainstay in Dorset: only a handful of quoted companies are headquartered there, such as McCarthy & Stone, the retirement homes builder, and Bridport-Gundry, the netting group. Mr Harvey says: "Dorset is not a county where you have major manufacturers – we need to facilitate the opportunities to enable the small existing businesses to expand."

Some official recognition that Dorset faces difficulties has come with the designation last year of Weymouth and Poole as an intermediate assisted area, the winning of European Konver funding – intended to aid areas suffering from the rundown in defence spending – for south Dorset, and an expansion this month of the rural development area to include much of the county. But a setback was that Dorset failed last December to win European Objective 2 status which would have helped fund infrastructure improvements.

Mr Bryan Cassidy, MEP for Dorset East and Hampshire West, stresses that the county can re-apply. "It is a commonly held belief," he says, "that an area like Dorset doesn't qualify for any European funding. Substantial European funding comes in directly and indirectly, but mainly through collaborative programmes such as at the AEA at Winfrith."

In political terms, Dorset is also at a crossroads. Last year, the Conservatives lost control of the county council, with the Liberal Democrats becoming the largest party, and suffered a by-election defeat at Christchurch. The county now faces the expense and upheaval of local government reorganisation with various options being touted and no consensus among the county and eight district councils. The county backs an option under which it would survive in large part as a single unitary authority and Bournemouth and Poole would form two others. Business opinion, as elsewhere in England, wants new councils to be big enough to address strategic issues.

Such issues, of course, include road building, a highly contentious matter in Dorset because of the splendour of its countryside, already under pressure from housing land demand and industries such as gravel extraction. South West Regional Planning Conference, in strategy advice to the Department of the Environment, describes an efficient transport system as crucial to the county, but the aim must be "to balance a prosperous local economy with the protection and enhancement of the environment." For Dorset, more than ever, that is a difficult balancing act.

■ ECONOMIC DEVELOPMENT

# Prospects have improved

"We are feeling a little bit more optimistic about the economy. You hear better noises from people," says Mr John Morrison, chief executive of Dorset Training and Enterprise Council.

While prospects for Dorset's economy have improved compared with the depths of the recession, the optimism is guarded. Although unemployment in February at 10.1 per cent was below the peak, it compares with a rate of only 3.2 per cent in 1990.

From that low base, it accelerated to reach 10.9 per cent in January 1993. This increase of 241 per cent was easily the highest in south-west England.

An analysis last month of corporate profitability by Dun & Bradstreet, the business information company, ranked Bournemouth as the least profitable town in Britain. Within the Bournemouth area, nearly 14,000 people were out of work in December; almost half the county's total unemployed.

Soaring unemployment was the catalyst for the public and private sectors to set up the Partners for Prosperity forum. Backed by the county council, Dorset Chamber of Commerce & Industry and Training and Enterprise Council, it intends to lobby for the county, market its opportunities and encourage initiatives to regenerate the economy.

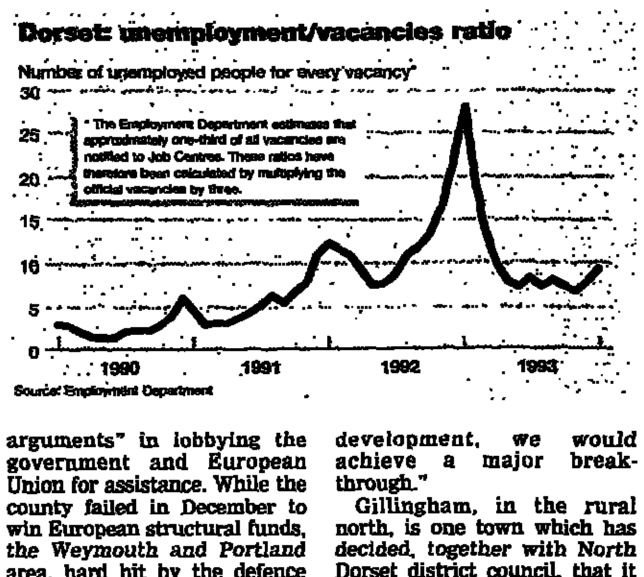
Mr Tony Ward, chief executive of Partners for Prosperity, says an important role is information. "It is vital to know what we have to offer and the potential. We have to market the Dorset brand – to get it across that Dorset is a good place to come to bring your company here."

Within the county, people also have to be persuaded. "We have to make sure that people in Dorset think economic development is a good thing. We have to demonstrate there can be added value to the environment from economic development, rather than detracting from it."

The partnership needs, Mr Ward says, to put up "cogent arguments" in lobbying the government and European Union for assistance. While the county failed in December to win European structural funds, the Weymouth and Portland area, hard hit by the defence run-down, has gained some European Konver funding and intermediate assisted area status. Part of west Dorset was designated a rural development area in 1984 and from April 1 much more of the county is included in an expanded area.

**Dorset: unemployment/vacancies ratio**

Number of unemployed people for every vacancy*




Source: Employment Department

The weakness of the rural economy is shown by a survey in 1991 which found that Dorset parishes were the worst off in southern England for services. Half had no permanent shop, post office or pub and nearly three quarters were without a school. One fifth had no bus service.

Mr Rex Symons, chairman of Dorset Tec, says: "If we are to preserve the somewhat unique heritage in the west and north, it has to be a working community, not a museum. If we could achieve increased rural activity without destructive development, we would achieve a major breakthrough."

Gillingham, in the rural north, is one town which has decided, together with North Dorset district council, that it must attract investment. Land has been earmarked for development and it believes it offers a good location: the US company Aldrich Chemicals, which employs 100 people there, is investing in expansion.

The town council says the decision to develop an industrial and commercial centre was taken in the knowledge that "the population are in agreement that this is the most practical way to secure its future prosperity."

The economic powerhouse of the region, however, is anchored in the conurbation around Bournemouth and Poole, where the mainstay industries of manufacturing, financial services and tourism have suffered in the recession. But Goadsby & Harding, a leading independent estate agency, believes this year will see the beginning of speculative office development, triggered by increasing inquiries and the lack of prime new office property.

It reports "significant shortages of large, modern specification buildings" in south-east Dorset.

This indicates the local economy is not all a tale of retrenchment. At Poole, Surface Electronics, a manufacturer which employs 350 people, moved to its existing factory in March 1993 but has already outgrown the premises and wants another unit alongside.

The county council, in drawing up its structure plan, identifies land supply as an important factor if Dorset is to be a competitive location for inward investment. But Mr Roger Woolley, business development partner of Lester Aldridge, a leading regional law firm, considers that while local authorities are no longer negative about economic development, they still lack dynamism.

"We don't have a gut feeling there is the political will to make it happen," he says. There would need to be only relatively modest growth to see a shortage of development land.

Dorset has few large development sites. One with the biggest potential is at Bournemouth airport, and another is Winfrith, where AEA Technology owns no fewer than 150 buildings. Its commercial reactor shut down in 1990 but there are still more than 1,000 people employed on decommissioning, research and consultancy work. It is keen to sell its services for other uses – for example, in simulations for the oil industry.

Mr David Kirby, head of property for AEA Technology, is seeking to develop Winfrith as a technology park, attracting like-minded businesses. Last month, agreement was reached for Defence Research Agency's Underwater Systems to move from Portland to Winfrith.

In encouraging inward investors, Mr Len Carslake, the county's economic development officer, describes the "stability and quality of the workforce" as one of the great resources of the county. A double-edged factor is that wage levels in the county are among the lowest in England. While this may appeal to some companies, it also means that, as the economy improves, it may be difficult to keep the best staff.

To counter that is the quality of life, which is Dorset's greatest asset. Mr Woolley says: "We recruit a lot of lawyers from London. It is very difficult to get them to come, but once here, they are almost immediately sold on it."

**Roland Adburgham**

No one who drives along the causeway which runs from Weymouth, past the pebbles of Chesil Beach, to the Isle of Portland can fail to be aware of the military history.

On the east side is the naval base with its huge harbour, enclosed by Victorian breakwaters. On the densely-populated limestone lump of an island, scarred by quarries and with a 16th century castle, is the Defence Research Agency and the Sea Systems Controllerate.

Nowhere in Dorset is the consequence of the peace dividend more acutely felt. The naval base will close in 1996 and, next year, the DRA Underwater Systems division is moving 500 staff to the Atomic Energy Authority Technology site at Winfrith. There will be redundancies among its support services at Portland. The SSC is due to relocate much further away to Bristol.

Nearly half the jobs in the Weymouth and Portland borough are estimated to be defence-related. They are vulnerable not only to the military retrenchment but to the cutbacks in the defence budget affecting many local contractors. In 1984, the travel-to-work area ranked 235th out of 321 in Britain in terms of unemployment. By mid-1992 it had risen to 132nd. It has been estimated the imminent Portland closures and relocations could result in the permanent loss of a further 5,000 jobs.

Coopers & Lybrand, the accountancy firm, gave a stark warning in a report published in December 1992: "Unless proactive steps are taken, economic and employment difficulties in the area are set to become the most intractable in England in the mid-1990s."

The report, *An Inward Investment Strategy for South Dorset*, proposed a South Dorset Economic Partnership (SDEP) to co-ordinate an economic strategy, assist "catalyst" projects and market the area. This partnership is now established, supported by local authorities, Dorset Training and Enterprise Council, Rural Development Commission, Dorset Chamber of Commerce & Industry and local companies such as Eldridge Pope, the brewers, and DEK Printing Machines. Mr Ray Coles, managing director of Ultra Electronics Ocean Systems, based in Weymouth, is chairman.

An early success for south Dorset has been winning European Konver funding to assist areas suffering from the defence rundown. A grant of £366,000 will help with projects such as retraining and business advice centres. Another recognition of the difficulties is the granting of intermediate assisted area status. The first new business attracted in consequence is Edwards Medical, which won a £25,000 grant to open a Weymouth factory sterilising and packing medical products.

Dorset, however, failed last December to win European Objective 2 status, which would have given access to funds to improve the infrastructure. The county council regards improvements to roads in the Weymouth area as a high priority, although its plans have met with local opposition.

Better road access was described as vital by Drivers Jonas, the planning consultancy, in a report published in January on the potential use of Portland harbour once it is released by the Ministry of Defence. Drivers Jonas said the new uses should contribute to the maintainance of the breakwaters, which costs £250,000 to £300,000 a year. But the main limiting factor, it said, was that only 32 acres of land would be available for development.

One industrial scheme has been proposed by Roll (UK) for a marine waste and oil recycling project. Interest in the harbour from tourism and leisure operators, Drivers Jonas reported, had so far been muted.

Leisure and tourism is one sector which holds out the promise of more jobs in Weymouth – which has a handsome sea front and a charming if undervalued inner harbour – and a tourism development action programme has been set in train.

In the present climate for inward investment, attracting new businesses will not be easy, although New Look, the fashion store chain, has chosen to be based in Weymouth. Mr Peter Wheelhouse, SDEP's development director, sees the release of high-quality skills by the defence cutbacks as providing a pool of quality labour.

Mr Coles emphasises a further asset for inward investors relocating staff: "We are surrounded by the most fantastic natural and man-made beauty." His own company, a management buy-out from Dowty Group specialising in underwater towed sonars, is an example of how defence-related companies are diversifying. "We've had to tighten our belts significantly. We had a £10m turnover in 1990 but since then a 25 to 30 per cent reduction.

"We embarked on a product strategy – we decided to be pro-active so that, when the ramping-down in spending started, we had somewhere to go." Ultra Electronics has developed the hardware for colour printing identity cards, and the use of sonars for mapping seabeds for the oil and telecommunications industries. "We find that from being in very cold water, our skills are now much sought after."

The DRA itself, even before its move to Winfrith, is also diversifying into civilian markets. Mr David Kimberley, director of Underwater Systems, says there has been an assumption that all its work is secret. "But we are very keen to exploit the skills we have – as a partner or a subcontractor – for non-defence activity."

DRA has the technology and techniques, he says, for a whole range of industrial underwater activity ranging from remote-controlled vehicles to image processing. And it does not have to confine itself to the oceans. An example he gives of the DRA's amphibian approach is to adapt its expertise in muffling submarines to cutting the noise of wind farm turbines.

On a similarly forward-looking note, Mr Wheelhouse points to the optimistic aspects of the Coopers & Lybrand report. It concluded that, if the SDEP could achieve its objectives, "We believe that south Dorset's prospects for long-term growth must be seen as good."

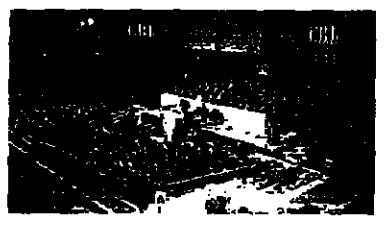
**Roland Adburgham**

The Isle of Portland and Chesil Beach — Picture: Andrew Mears

■ PROFILE: The SDEP

## An economic strategy







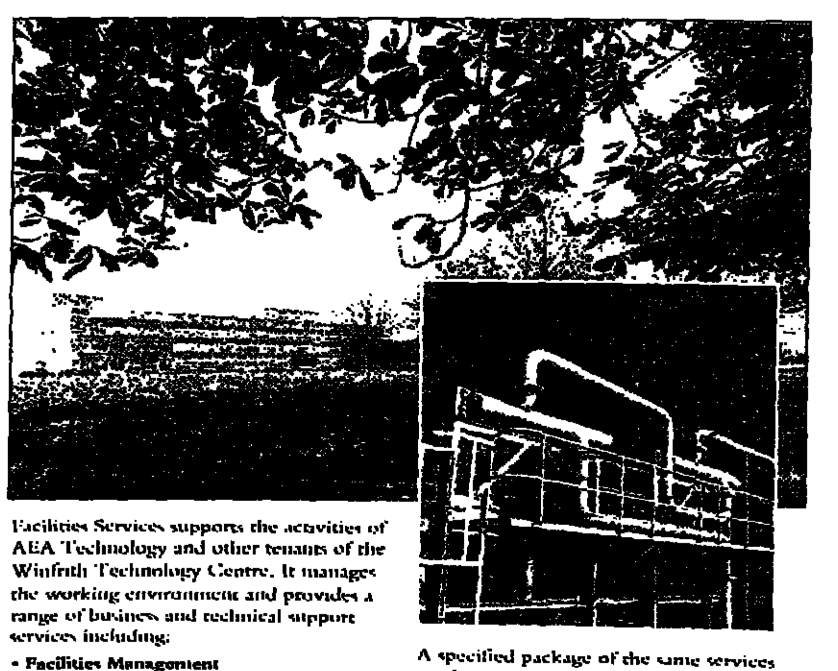












■ FINANCIAL SERVICES

# A mainstay of the county economy

Bournemouth and Poole both expanded on the back of the financial services sector during the 1980s. Employment in the sector nearly doubled.

Consolidation has followed, and further expansion now seems unlikely. Life insurance, in particular, faces a tough year as the industry attempts to digest new government regulations covering sales practices which could reduce sales and increase their costs of compliance.

But there is little danger that the area will lose any business.

**Abbey Life moved to Bournemouth in 1977 and three years ago cemented its relationship with the town by building a dazzling white palace**

Mr Allan Frost, chief executive of Abbey Life, the life insurance group and for many years the largest employer in the conurbation, makes it clear that the reasons for relocating still hold good.

"The reason we moved here was that in the mid-1970s if someone walked through the door in London with an O-Level you would lay out the red carpet. It made sense to move outside London where there was a willing pool of labour and where costs were much lower."

Abbey Life moved to Bournemouth in 1977 and three years ago cemented its relationship with the town by building a new dazzling white palace for its headquarters. The exterior has provided a new landmark which dominates the skyline for anybody arriving in the town by rail, while the interior – complete with a large atrium – proves to be as well-appointed an office as any in the City of London. All the company's UK operations, including the training of sales staff, are based in Bournemouth.

Retention of workers, in a business where employment is notoriously volatile, has been reasonable with 10 per cent turnover a year since the move to Dorset. At present, 65 per cent of staff have been with the company for five years or more, while at Abbey Life Investment Services (ALIS), which claims to be the biggest asset management operation in southern England outside London, turnover is only 2 per cent.

Waterloo station is less than two hours away by train and the company's fund managers, fully equipped with Reuters share-dealing technology, obviously feel that working outside the City is no disadvantage. ALIS investment performance has improved slightly in recent years as the company has attempted to broaden its market to include independent intermediaries, rather than rely totally on its direct sales force.

Moving out of London has helped retention and the company is also happy with Bournemouth's education system which includes two grammar schools and a number of independent schools.

However, Abbey Life has no plans to expand in the near future. It will concentrate for the next few years on absorbing the insurance industry's spasm of regulatory change.

Lloyds Bowmaker, the finance house arm of Lloyds Abbey Life which owns Abbey Life, is also based in Bournemouth.

The conurbation's largest employer is now Frizzell, the insurance broking and financial services group which employs more than 2,000, while Abbey Life has only about 1,400 permanent staff in Bournemouth.

Frizzell's offices are crammed into several buildings at County Gate, on what was the boundary between Hampshire and Dorset until local government was reorganised in 1974. Attracted initially by a need for skilled labour – the company tries not to recruit 16-year-old school-leavers – and by relocation grants then available, Frizzell has now made its "power-base" in Dorset for about 20 years, and has no plans to move. Most of the company's business is done via the telephone and little or nothing is lost by being based outside London.

Its investment in the area has been heavy, with two floors of one office block devoted to full-time training. This is aimed, successfully, at boosting staff retention which is helped by siting the offices in a pleasant seaside town.

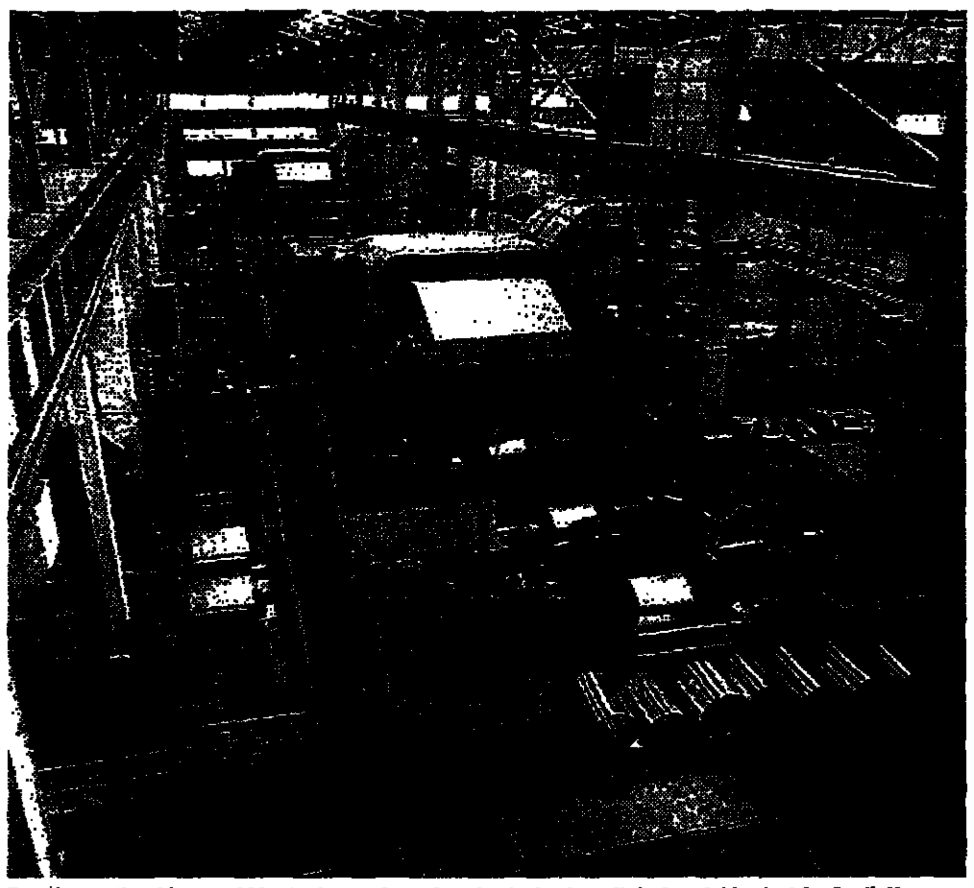
Mr Tony Miller, manager of training, makes clear that the company is happily settled in the area, but that expansion in employment is now probably at an end. He said: "I think we have reached our maximum employment level. I just don't think that expansion of people is the answer for further growth."

**This concentration of financial services in the town helps ensure a large pool of labour with the relevant skills**

Other, more recent, arrivals include Chase Manhattan, the US bank, which is using Bournemouth as the "admin" centre for its European operation, and Zurich Municipal, the insurance company, which has moved its brokerage division to the city, although its UK head office remains in Guildford, Surrey.

This concentration of financial services in the town helps ensure a large pool of labour with the relevant skills. But few insurance companies are left in London, as low central office costs are vital for them in a competitive market. Dorset is therefore unlikely to attract many more new businesses from the sector, although the financial services community sector it already has seems well-established as a mainstay of the county economy.

**John Authers**



Davy International is a world leader in metals engineering technology. It designed this plant for South Korea

■ INDUSTRY

# Big range of products

Ryvita, crankshafts, intelligent networks, oil, beer, liquid crystals, opto-electronic systems and pork pies – these are just a small number of the ever-increasing variety of products produced in Dorset.

"We have faced up to a new type of environment. Specialism is important," says Mr Jeremy Pope, managing director of the long-established brewery company, Eldridge Pope, based in Dorchester.

"Focus is important", agrees Mr Rex Burke, chief executive of Hamworthy Engineering, one of the county's largest employers.

Both companies have recently undergone a refocusing of activities in order to capitalise on their strengths. Last year, Eldridge Pope disposed of its beer wholesaling operation and entered into a trading alliance with Carlsberg-Tetley. The company now specialises in wine procurement, shipping, bottling and packaging, export packaging and specialist bottling for a number of brewers, contract brewering and the production of cask brands and specialist bottled beers.

Hamworthy Engineering, which began in Poole in 1914 and became part of the Powell Duffryn Group in 1962, employs 1,200 people. Last year, it sold its transmissions and hydraulics division to the David Brown Group in order to focus on its other activities of marine and combustion engineering for which it has long had a worldwide reputation. For example, Hamworthy's "Schilling" rudder is supplied to more than half the Japanese merchant fleet.

The company recently acquired Airoil-Flaregas from Portals and relocated it from West Drayton to the Poole site. Hamworthy is also expanding its interests in compressors. By focusing on these activities, Hamworthy has achieved a turnover of more than £120m, of which about 60 per cent is export sales.

Dorset is also home to a number of other thriving engineering companies. Davy International is a world leader in metals engineering technology with a turnover of more than £160m. Five hundred of its worldwide staff of 5,200 are based in Poole.

According to Mr Roy Tazzyman, Davy's chief executive: "As we have moved to higher technology we have found it possible to recruit some of the best research and development engineers, skilled designers and project engineers partly because Poole is an attractive place."

When Trafalgar House acquired Davy in 1991 it moved Davy's world head office from London to Poole – but because this was efficiently run with delegation to the various companies in the group, the HQ staff comprised only 15 people.

Hunts Engineering, employing 70 people in Poole, began life in 1875 repairing bicycles in Bournemouth. This privately-owned company now specialises in crankshaft machining. It is in at the birth and death of various car models when car manufacturers require experimental crankshafts at the design stage – and it produces crankshafts and spares when mass production has ceased. Sixty per cent of its production is for export and the company has a turnover of £5m.

Meggitt, with its head office in Wimborne, had sales of just £3.8m in 1983. Since Mr Ken Coates and Mr Nigel McCorkell took over management of the company in 1984 it has expanded rapidly in aerospace, controls, electronics and energy-related engineering products so that it now has a turnover of more than £360m with operating companies around the world. Its Dorset-based Wayfarer magnetic card ticketing systems are market leaders in a number of countries.

Bournemouth International Airport has attracted several big companies with aviation technology systems and other interests. FR Group, with its headquarters in Wimborne, has developed rapidly into a world leader in the provision of special mission flight operations and undertakes significant aircraft maintenance, overhaul and conversion operations at the airport.

AIM Aviation has its completion centre at the airport where it installs aircraft interiors and its avionics workshop undertakes system design, installation and overhaul of communications and navigation equipment as well as sophisticated in-flight entertainment systems.

Poole Harbour is the largest natural harbour in Europe and a number of marine-based companies have facilities in the area, including Sunseeker, a family-owned company founded in 1962 which now has a turnover of more than £35m. Its motor yachts have found buyers in many countries.

Another family-owned company with worldwide sales is Daler-Rowney which employs more than 100 people in three factories in Wareham where artists' canvasses, art cases and other artists' supplies are produced.

Ryvita, a subsidiary of Associated British Foods, is based in Poole where its factory produces many millions of packets of the "best-tasting crispbread" and has won two Queens Awards for export achievement with about half its total production exported.

Another well-known food company based in Poole is Millers which was acquired from Booker in 1991 by the Irish Foods Group, Kerry. Millers employs 400 people in Poole and its pies and other products are consumed throughout Britain.

Another leading factory, employing 450 people, is Dolphin Packaging, the public quoted company founded in Poole in 1969 which now has a turnover of about £30m from its production of specialist plastic packaging for the food and medical industries.

Liquid crystals for the electronics industry are created in Poole by Merck, which has based its UK headquarters in the town and employs 650 people in the area.

In Weymouth, DEK employs 220 people producing screen printers for the electronics industry. It also provides key leading edge assembly equipment with 80 per cent of its production being exported. Tecan produces high technology parts for the electronics industry by photo-chemical machining and other processes.

In Poole, Siemens-Plessey Controls employs 1,000 people and creates traffic control and transportation systems and develops and markets equipment for the environmental sector.

GPT, jointly owned by GEC and Siemens, employs 500 people in Poole, engaged in Telecoms systems work, including developing, testing and marketing intelligent networks where telephone systems are enhanced to provide a whole range of new services.

Mr Jeffery Wear, engineering liaison manager of GPT in Poole, echoes the comments of many other managers in Dorset: "The area is an attractive place in which to work and live".

Respecting that is BP, operator of Wytch Farm, the largest on-shore oilfield in western Europe which employs 300 people and produces about 2.5m gallons of oil a day. BP's well sites, especially those at Furzey Island, have been attractively landscaped and incorporate many trees to screen the facilities from the public.

**Kevin Goldstein-Jackson**

## BUSINESS IN DORSET IV

### ■ TRANSPORT AND COMMUNICATIONS

# County faces a dilemma

A news story in the Dorset Evening Echo, about plans to *solve Weymouth's "chronic* traffic problem" with a £25m relief road, sums up the dilemma which faces the county in improving its transport links.

The proposal, the Echo reports, "is opposed by hundreds of residents and the environmental group Friends of the Earth, while supporters claim the route is a solution to congestion and a lifeline for the area's troubled economy."

Local feelings about road building are especially strong in a rural county – both for and against. Residents of villages battered by heavy traffic want bypasses; environmentalists and landowners want to protect the countryside.

There is no doubt the local *economy would benefit from* an improved road network. The business community has highlighted this – and the development of scheduled services at *Bournemouth airport* – as prime concerns.

The county council, in a *report for its structure plan*, describes the car as "the almost universal mode of travel" in Dorset. But in rural areas, it says, the shortage of financial resources means few bypasses will have been pro*vided, even by the year 2011.*

No motorway passes through the county and only the A31 and A35 are Department of Transport trunk roads. While the A31 provides a good connection between Southampton and the M27 to Bournemouth and Poole, the A35 road west-

**Improvements to the A37 between Dorchester and Yeovil will be completed this summer**

wards from Poole is not adequate. A public inquiry into a village bypass between Bridport and Lyme Regis is scheduled to open on April 11, but one for Tolpuddle has just been *put back on the* Department of Transport's reserve list – a decision which Mr Peter Harvey, chief executive of the county council, describes as *"appalling."*

The county council will complete improvements this summer to the A37 between Dorchester and Yeovil. But planned bypasses to improve the north-south A350 from Poole towards Bristol, a twisting road filled with slow-moving trucks, have yet to materialise.

The port of Poole, despite the A350's inadequacy and the need for a replacement harbour bridge, has developed rapidly *since roll on-roll off ferry* freight services started to Cherbourg, 67 miles away, in 1973. A self-financing trust port run by harbour commissioners, *it reclaimed an additional* 35 acres in the early 1980s and now has three ro-ro berths, plus berths for conventional cargo and a rail link.

Truckline – bought by Brittany Ferries in 1985 – runs its superferry Barfleur from Poole to Cherbourg with a capacity of 70 trucks, 270 cars and 1,200 passengers. The company is about to start a new service to St Malo, with four return sailings a week between mid-May and October. Brittany Ferries and Mr Hamish Green, chief executive of the commissioners, are confident in the port's ability to withstand the opening of the Channel tunnel.

Although it is not a deepwater port, one expanding busi*ness is that of cruise ships* and 20 are due to call this year. But in January the port lost the Jersey and Guernsey services run by British Channel Island Ferries, whose passenger operations were taken over by Condor, the Guernsey-based ferry company. Instead, Condor is running hydrofoil ser*vices and a traditional ferry* to the Channel Islands from Weymouth.

A mainline electrified rail service runs from London to *Bournemouth and then to* Weymouth, from where there is a slow service to Bristol.

In the north, Sherborne and Gillingham are on the London

A mainline electrified rail service runs from London to Bournemouth, then Weymouth *Picture: West Country Tourist Board*

to Exeter line.

For business air travel, the choice has been either South*ampton or* Heathrow airports. But scheduled services are due to start from Bournemouth airport on April 11 which will be operated by a new regional airline, Euro Direct. Mr Neil Hansford, its chairman, intends to start with flights to Paris, *Amsterdam and Brus*sels. He says: "The only limitation to the number of services we are prepared to offer is the support we receive from the local community."

The airport is owned jointly by Bournemouth council and *the county council*, with Christchurch council as the planning authority, a combination which has not stimulated development. Mr Doug Wilson, who took over two years ago as director, acknowledges that the airport had become "quiescent." It has 80,000 movements a year but the vast majority are of light aircraft, although charter business *has* grown to about 200,000 passengers annually. Thomson will be using *the* airport for the first time this summer.

Planning *consent* was recently granted to extend the run-off to its main runway, which will *increase* the range of aircraft and free up development land near the secondary runway.

More than 100 companies, mostly *aviation-related*, are already based at the airport, employing 2,100 people, and Mr Wilson believes there is the potential to double that. He says: *"It is quite possible for a* centre of aviation excellence to be built here."

The cost of the runway development will exceed £1m and, although part of that funding is in place, future expansion will require the *injection of private capital.*

**Roland Adburgham**

### ■ POUNDBURY PROJECT

# Back-to-the-future concept

**On a greenfield site on the edge of Dorchester, within *sight of* the hill fort of Maiden Castle, the first houses are being built in an ambitious scheme, enthusiastically supported by the Prince of Wales, for *the urban development of* Poundbury.**

Eventually, over a 25-year period, *there could be as many as* 3,000 houses on 400 acres of land owned by the Prince's Duchy of Cornwall. This would entail a surge in the county town's present population of 15,000. The start is much more modest: 61 homes of which 35 are for the Guinness Trust housing association to let *to local people, and 26 houses to be* sold by the builder, the West Dorset company of C. G. Fry and Son, at prices of up to £150,000.

*So far, the builder* has had about 130 inquiries of which half are from local people.

This first *phase will in due course* consist of 244 houses and flats, plus offices, community shops and light industrial workshops. Poundbury, referred to as an "urban extension" of Dorchester rather than a village, is intended to reflect traditional architectural styles. It will have a high density of houses to foster community spirit, avoid grid layouts and try *to reduce dependence upon cars*. In keeping with its back-to-the-future concept, modern energy-saving techniques will be used in the buildings.

The master plan, by Mr Leon Krier, an architect, is regarded by some as a dubious exercise in nostalgia, but has attracted international *interest*. Mr Andrew Hamilton, Poundbury's development director, says similar *schemes are already being planned.*

The Duchy emphasises that it is a landowner, not a speculative developer, and that West Dorset district council *allocated the land in 1988 to* help cope with the county's rising population. But that was before the *recession and slide in house sales.*

If the development is to succeed, it has to create work for those who live there – the aim is to provide jobs within walking distance. Commercial development *will be an important* part of the second phase.

The Duchy is in talks with the *county and district councils*, and other organisations, to stimulate the business interest which will be needed. "We cannot do it on our own, only in partnership," the Duchy says.

**Roland Adburgham**



### ■ BUSINESS DEVELOPMENT

# Help for employers

**The "one-stop shop" has arrived in Dorset.**

*Local* business leaders are delighted that they have succeeded in winning trade *and industry department funds* for the initiative, which aims to streamline all business *development services* for companies into one operation. Dorset is the only successful applicant in southern England outside London.

But the business leaders also accept that the plan must have some success – and swift*ly – because the county's econ*omy is in poor health.

Funded initially by government grants, its aim is to provide all the various services for businesses which are currently offered *by competing bod*ies – including the county council, the Training and *Enterprise* Council (Tec), the Enterprise Agency and the chamber of commerce – under one roof.

The idea is that employers should quickly find their way to the precise assistance they need. This, it is hoped, will *help Dorset's more troubled* employers, such as the defence sub-contractors. Meanwhile, *the Dorset Business Link* will also attempt a sophisticated exercise in "picking winners".

*"Growth ready"* companies – small companies with good prospects of expansion – will be targeted by the Business Link's advisers for "a high-level process of diagnosis and support". Four personal business advisers have been appointed *from backgrounds* in the civil service with the Department of Employment, *and in management of small* and medium-sized companies.

According to Mr John Morrison, chief executive of Dorset Tec, the service will ensure *"that firms get the answers* they need promptly, as a result of a single local-rate phone call whether it's a question of marketing, finance, export services, planning, health and safety, or any one of the numerous other business issues they need help with".

**The county is more compact than some rural areas**

The Business Link will also *attempt to identify export* opportunities in Europe, following on the work of the old Enterprise Agency, and will also guide employers to the local training centres – for example, for helping sales representatives with foreign languages.

Tecs were invited to lead the bid, and Dorset Tec did *so,boosted by government* league tables which placed it first out of the 75 Tecs now *established*, appearing in the top 25 per cent for six out of seven of the criteria covered, including cost-effectiveness and quality of provision for Youth Training and Employment Training, the scheme for unemployed adults.

*It was also highly ranked for* the number of Dorset companies committed to Investors in People, a scheme to improve the training of people in work. Weymouth College was the first college in the country to attain the distinction, while *Frizzells, the biggest employer* in Bournemouth and Poole, was among the first companies *to do so.*

Despite this strong performance, some *local* employers still complain about whether or not the Tec provides genuinely useful services.

Mrs Beryl Kite, chief executive of the Dorset chamber of *commerce and industry, and* acting chief executive of the new Business Link, claims that *if the one-stop shop does* not work in Dorset, "it's not going to work anywhere".

Dorset's comparative remoteness from other business centres has *helped. The county is* more compact than some rural areas, most of its businesses are *pressed into one conurba*tion, and all the local agencies share the same boundaries.

This gave Dorset a head-start over metropolitan areas which included institutional disputes between several Tecs or unitary authorities, or where more employers' organisations were clamouring for attention, according to Mrs Kite.

*But there is alarm among* businesses about the local government reorganisation. If it *goes ahead* – and the new structure should be implemented in 1996 if the govern*ment persists with its plans* – then Bournemouth and Poole councillors want to create two separate unitary authorities for the conurbation.

Ancient *rivalries*, caused by the fact that Bournemouth was in Hampshire until the last *reorganisation in 1974, lie* behind the councillors' position, which infuriates local *businesses*. One employer fumed: "Christchurch, Bournemouth and Poole look like one conurbation from the air and they feel like one when you drive through *them*. From my point of view, services I need come from those three areas and they need *co-ordination*. I can't see why we need more than one council."

*While the entire conurbation* is currently served by the county council, there would be no authority with overall control of planning if the plans were carried out. If reorganisation goes ahead it looks unlikely to help developing *businesses in the area.*

But Mrs Kite remains positive: "Unless they actually change the county boundary, we'll still be serving the same area, no matter how they choose to rename it."

***John Authers***

# USEFUL CONTACTS

**Bournemouth Borough Council:** Town Hall, Bournemouth BH2 6DY. Tel. 0202 552066; fax 295429.
**Christchurch Borough Council:** Civic Offices, Bridge Street, Christchurch BH23 1AZ. Tel. 0202 486321; fax 482200.
**Dorset Chamber of Commerce & Industry:** Upton House, Upton Country Park, Poole BH17 7BJ. Tel. 0202 682000; fax 880315.
**Dorset County Council:** County Hall, Dorchester, DT1 1XJ. Tel. 0305 251000; fax 224482.
**Economic Development Office:** *Dorset House*, 20-22 Christchurch Road, Bournemouth BH1 3NL. Tel. 0202 221016; fax 221375.
**Dorset Training and Enterprise Council:** 25 Oxford Road, Bournemouth BH8 8EY. Tel. 0202 299284; fax 299457.
***East Dorset District Council:*** Furzehill, Wimborne BH21 4HN. Tel. 0202 886201; fax 841390.
**North Dorset District Council:** Nordon, Salisbury Road, Blandford Forum DT11 7LL. Tel. 0258 454111; fax 480179.
**Partners for Prosperity:** Upton Country Park, Poole BH17 7BJ. Tel/fax 0202 319001.
**Poole Borough Council:** Civic Centre, Poole BH15 2RX. Tel. 0202 675151; fax 665706.
**Purbeck District Council:** Westport House, Wareham BH20 4PP. Tel. 0929 556561; fax 552688.
**South Dorset Economic Partnership:** PO Box 2001, Wey*mouth DT4 8YR. Tel. 0305* 767766; fax 766773.
**West Dorset District Council:** 58/60 High West Street, Dorchester DT1 1UZ. Tel. 0305 251010; fax 251481.
**Weymouth and Portland Borough Council:** Municipal Offices, North Quay, Weymouth DT4 8TA. Tel. 0305 206355; fax 760971.

مكان من الاصل





■ TOURISM

# Victim of its own beauty

Lulworth Cove symbolises the pressures of *tourism on Dorset*. The weird geological formations caused by the sea have made it a magnet for visitors. In consequence, the tidal erosion is *matched by tourist* erosion.

Almost all of Dorset's coastline is designated a heritage coast, and 1,300 sq km of the county are *areas of outstanding* natural beauty.

The seaside resorts, the associations with Thomas Hardy and Lawrence of Arabia, the historic sites such as Corfe Castle, draw 3.4m visitors a year. Many enjoy the county so *much that* they return again and again.

Tourism, worth about £540m and employing about 24,000 people, is vital to the county *Picture: Andrew Mears*

Eighty per cent of visitors to Dorset arrive by car and the dangers are clear. Improved roads to the east make it possible for Londoners to visit on a day trip.

Of the estimated 9m day trippers a year, half of them come to the Isle of Purbeck.

"It is only a matter of time before the Isle of Purbeck becomes *the* victim of its own beauty – unless something is done to save it," according to Mr Colin Bonsey, chairman of the Purbeck heritage committee which is *co-ordinating* projects to manage tourism at, for example, Lulworth Cove.

The county council gave a similar warning in its tourism strategy for 1993-1995: "Excessive tourist activity or insensitive development will damage the quality of life for Dorset's residents and will compromise the very real qualities which attract its many visitors."

Yet the industry is vital to the county, employing about 24,000 people.

As elsewhere, the recession has had its impact and spending has suffered. Room occupancy in hotels fell from an average of 51 per cent during 1991 to 49 per cent in 1992, although self-catering flats and cottages saw a rise from 51 per cent to 55 per cent.

In all, tourism is worth about £540m a year to the county.

Staying visitors generate a *much higher proportion of that* income than the day trippers. While the latter add to congestion on the roads, their average daily expenditure was only £11 a *head in 1992, compared with* £36 for those who stay for one night or more.

Yet the traditional staying visitor, enjoying a fortnight's summer holiday, will inevitably become a scarcer breed in the resorts of Bournemouth, Poole, Weymouth, Swanage and Lyme Regis.

Tidal erosion can be matched by tourist erosion *Picture: West Country Tourist Board*

*One answer is to have more* all-weather attractions to extend the season. An example is Poole Pottery, with its new factory shop, pottery tour and *restaurant with a harbour* view.

Bovington tank museum, which has 300 armoured vehicles, will be one of the places where there will be a plethora of activities this summer to commemorate the 50th anniversary of D-day.

Events such as these, and the tall ships race starting from Weymouth this year, help to stimulate tourism. But it is the higher spenders which Dorset needs to woo if it is to maintain its income without increasing the pressures.

A handicap in winning such trade has been *that* the promotion of Dorset was fragmented, with councils developing their own policies and the county split between two separate *tourist* boards; Southern and West Country. To improve coordination and marketing, the county council set up a Dorset Tourism unit, and a data proj*ect has been collating the* information to develop strategy.

Mr Barry Wilbraham, county tourism officer, believes Dorset *needs to encourage a different* type of tourist – one who wants to stay in the county and look at the heritage (which includes more than 30 hill forts and nearly 2,000 barrows).

He wants more "green", activity-based, special interest and short-break tourism inland away from the congested coast. He points out that there are 34 golf courses and planning consents for more. And, he adds, "What is coming through loud and clear is that growth in income can come from overseas markets."

Dorset, despite its direct *ferry links* with France and relative closeness to the international gateway of London, fails to see many foreigners. Of *staying* visitors, only 5.8 per cent come from European countries and 2.2 per cent from countries outside Europe, mainly North America and Australia.

Mr Wilbraham adds: "I want to be able to offer a truly international destination where people want to come because of our rich heritage."

A Destination Dorset committee is targeting more travellers from continental Europe, and has identified Scandinavia as offering the highest potential.

One imaginative scheme to raise the international profile is a Sea Gardens project in Bournemouth. This is envisaged as a series of gardens and pavilions with shops and restaurants, linked by monorail for 2.4km along the sea front as a permanent world trade exhibition, sponsored by participating nations.

Cheshire Robbins, the project's design group, says confidently: "Sea Gardens will provide one of the largest weather-protected landscaped environments in the UK."

An existing asset for encouraging international and business travel is Bournemouth's conference centre, which has done much to extend the town's season.

The resort has a quarter of the county's hotels and more than 30,000 beds. The centre, opened in 1984 *and enlarged in* 1990, is in direct competition with Brighton, Blackpool and Harrogate for business. A £400,000 project this year will result in more meeting rooms.

During the recession, the centre has managed to maintain the number of events at between 46 and 52 a year – including the Conservative party conference this autumn – but it has seen fewer delegates.

*Mrs Susan Davies*, exhibitions manager, says: "I don't see the trend changing – companies want to get value for money. But we have found *organisers* are introducing more features to make them interesting – they are investing more in the conferences to attract decision-makers."

The centre has acted as a stimulus for other conference and seminar venues – 26 hotels with in-house facilities have set up a group called Conference Bournemouth. The trade could be encouraged further if Bournemouth airport's new *scheduled services are successful*.

Mrs Davies, pointing out that the average delegate spends £76 a day in the town, says: "The *effect on the local econ*omy of the conference trade cannot be overestimated."

**Roland Adburgham**



■ EDUCATION AND TRAINING

# Forming close links

Education in Dorset has a proud new symbol, in one of Britain's newest universities.

But Bournemouth University, which attained its new status in 1992, has also demonstrated the problems afflicting the new universities which have been created throughout the country.

The county's further education system, which last year went through the spasm of reform known as "incorporation", when colleges were removed from county council control, is also expanding rapidly, but not without teething problems.

However, all of them are exhibiting a new entrepreneurial zeal, and forming close links with local industry wherever possible.

The university itself says in its mission statement, set in stone in the entrance hall, that it is a "vocational university". It therefore shies away from *more traditional academic* courses in favour of subjects more directly relevant to employers, such as public relations and retail management.

About half its students come from Dorset, while the remainder come from various locations around the country. Courses reflect the needs of the local area.

One of its specialist courses, in stonework conservation, was inherited from Weymouth where the specialism had been developed to serve local Portland quarries. The department undertakes highly complicated repairs of eroded or damaged stonework from churches.

Its courses in travel and tourism remain the most popular in the UK, and cater for a pronounced local need, with most students moving on to work in the travel industry.

The newly established Dorset Business School aims to serve local business and operates an executive placement scheme in conjunction with *Dorset Tec. It will place* unemployed managers, who have been jobless for at least six months, with host companies which have potential projects *to be developed. The* placements last three months, follow a month-long course at the business school, and could help ensure the county's resources are used to the full as *it* attempts to emerge from recession.

Part-time MBAs are on offer, along with specialised qualifications in export performance and "European Enterprise Management" – courses which also reflect the county's broader economic concerns.

But the university has come a long way since it was founded as the Dorset Institute of Higher Education, in Weymouth, in 1971. It subsequently became the Dorset *Institute* and, in *1990*, was converted into the Bournemouth Polytechnic. Only two years later it was recognised by the government as a university.

Dr Bernard McManus, who guided the university throughout this hectic expansion, having taken over as principal in 1983, resigned last month. The university's governing board differed with him over the need for further change, and suggested consolidation was in order.

**A survey found that lecturers felt 'under stress, undervalued and under fire'**

A lecturers' union, Natfhe, had conducted a survey which found that its members had felt "under stress, undervalued and under fire", while the university governors said that the time was right for consolidation *rather than further* expansion.

Most of the work has been done, and the university now has a striking wooded campus on the outskirts of the town, a succession of bars to keep students entertained, and a ready and willing supply of accommodation from Bournemouth's hotels and boarding houses.

Bournemouth and Poole College of Further Education is a *rather less glamorous institu*tion, but it is one of the 20 largest in England and Wales, with more than 20,000 students, and is spread across *several sites around the conur*bation. It has more students than all the county's other further and higher education institutions put together.

It has a Services to Business section which provides consultancy for small companies, along with short courses mostly aimed at allowing employers to cope with new regulations or to introduce new technology. For example, foreign language training is available for telephonists, while one-day health and safety courses cover all the recent EU directives which could affect business.

The college retains a strong public service ethic and keeps a large bank of computers and word-processors open for use by members of the public to try to improve computer literacy. Much energy goes into improving links with local businesses via the Tec and the chamber of commerce. The new Dorset Business Link should make the college more accessible for employers and most of its specialisms – such as catering, and hairdressing *and beauty therapy – cater for* Bournemouth's services-led economy.

The county's third significant supplier of training and education for employers is Weymouth College, in west Dorset. Occupying buildings vacated by the Dorset Institute when it decamped to Bournemouth, it offers A-levels to Weymouth's 16-year-olds, as well as taking a heavy burden of *vocational* training.

It offers the Flexible Learning Centre, which has tailored courses for businesses, often using interactive media and *distance learning – useful for* employers in Dorset's rural area where trainees might find it hard to make daily trips to Weymouth.

The college's Investors In People award, which it won in 1992, is another powerful signal of its intent to make itself as useful a tool as possible for local companies.

However, staff acknowledge that they have a hard task. Weymouth's *economy* is in poor health, and following the decline of the defence industry, the college itself is probably now the largest employer. It will measure its success by how many new employers it can support.

John Authers



# An option on perks

**Richard Donkin** reports on the increasing popularity of flexible remuneration schemes


"I GET AN EXTRA £5000 A YEAR FOR GIVING UP MY EXECUTIVE TOYS."

Ever since the 1981 UK Budget introduced the first of a series of progressively neutralising taxes on fringe benefits, the company "perk" has gradually been losing its lustre. Now, however, a new way of dealing with benefits is charging on to the corporate scene demanding attention from personnel teams.

It goes by different names in different countries. Americans refer to flexible benefits, Australians call it packaged compensation and in Britain it has been described as a cafeteria perk. Whatever the language, it refers to the optional bits that can be woven around a basic salary.

A report entitled International Flexible Remuneration, published by William M Mercer Companies, the international firm of actuaries and consultants, says that employers around the world are waking up to what until recently has been an exclusively US practice.

Some 60 per cent of US companies have adopted flexible remuneration in one way or another.Such benefits can be distinguished from what might be otherwise described as perks by their optional nature. They are substitutes for pay and therefore must be calculated within an overall compensation package.

In the US where they have become common, mainly because of tax exemptions, they would typically comprise various forms of life and accident insurance, medical and dental care and care for children or elderly parents.

Their attraction is in providing employees with a degree of choice over the direction of their pay. Even though there are no tax advantages in Britain, flexible benefits are beginning to attract interest from employers who believe they may be useful for the recruitment and retention of employees.

Promoters argue that flexible remuneration arrangements are useful for multinational companies looking for ways to manage expatriate costs. Another argument is that companies can rid themselves of the perks-driven mentality of employees who come to expect certain entitlements as a right.

The benefit for employees is that they can concentrate on channeling their pay into areas which they consider important with the employer providing some recognition and often administrative help with special needs.

There is also a cost benefit according to Ginny Olds, head of Mercer's flexible benefits practice in the UK. She said: "If people simply take a flat salary they cannot hope to reproduce the same benefits individually that can be obtained by their organisation which can get a group discount rate a lot cheaper than the individual could."

Originally in the US it took soaring health care costs for companies to take flexible remuneration seriously. Companies gave employees so-called pre-tax "flex credits" which they could use to pay for health benefits.

One of the first companies in the UK to introduce flexible benefits was the retailer BHS in 1990 when David Dworkin, the US-schooled department store specialist, was brought in as chief executive.

Out of his US management baggage he plucked what were at the time comparatively unfamiliar ideas on flexible remuneration to give his top management more scope over the composition of their pay and benefits. What started with a scheme for 50 managers spread in April last year to all 400 managers who have company cars.

An example of how it works at BHS can be seen from the way a typical package has been arranged for a manager earning £35,000. The cash value of his benefits is £8,115. With this he can choose between one and three times his salary level in life assurance cover, from four levels of private medical care and from four levels of annual holiday entitlement between 22 and 30 days. There is also free selection of a company car. In addition, there is the opportunity to buy long-term disability insurance, an optical cover plan which subsidises contact lens purchases and eye tests, and a dental care plan.

Contractually he is entitled to the equivalent of 25 days' holiday, life assurance worth three times his salary, single cover health care and a £300 a month company car. If he wants more than that he can pay extra, deducted from his salary. If he wants less he can bump up his basic salary to the equivalent value, less the cost of holiday time. The only benefit the company insists that managers take is the minimum level of holiday.

Sue Matthews, BHS's human resources manager, said the packages had proved popular. She said: "It's a fairly progressive recruitment tool. To be honest, people love it."

At Scottish and Newcastle, the brewing company, a scheme was installed 18 months ago and tried initially among 70 or 80 employees with plans to extend it down through all 2,000 managers who have company cars. The scheme would allow an executive, earning say £50,000, to boost his salary to £60,000 a year by opting out of all benefits or to earn as little as £37,500 if he were to buy the optimum cover.

The Scottish and Newcastle package covers 10 separate benefits, including the company product, allowing individuals to take wines and spirits as a flexible benefit.

Both companies have steered clear of introducing flexible packages throughout their workforces, mainly because lower down the ladder there are fewer benefits, such as company cars, to play with.

Mercury Communications, however, proposes to introduce flexible remuneration for its entire 10,000 UK workforce next January after it is tried on 400 employees starting this month.

"None of what we are doing involves expanding benefits. It is simply giving people more choice," said Russ Watling, employee benefits manager.

He said the company had decided that to tailor benefits to individual needs was the best way of spreading benefit costs. Retaining and recruiting staff was another positive aspect of the scheme.

Some companies said they had consulted the Inland Revenue about the schemes but the Revenue itself said such schemes did not require overall approval. Tax would be paid on benefits in the normal way, it said. The Revenue appears reasonably ambivalent about the plans at present and has no plans to tax, say, the savings that can be achieved through a corporate rate as a benefit in kind.

Matthews cautioned companies about getting too heavily involved in administration, particularly in the choice of company cars, but said her own company's scheme was capable of being administered by a single employee.

Its use for negotiating between managements and unions remains largely unexplored, nor is it clear whether it will be a help or a hinderence to companies seeking to move towards harmonising pay and conditions among their workforce. Its popularity in the US, at least, means that the flexible benefit in remuneration can no longer be ignored.

**Martin Dickson** considers General Motors' new guidelines on the role of its board of directors

# Policy codifies power for non-executives

Revolt: Stempel, ousted in 1992

It has been variously hailed as a "Magna Carta for US directors", a "very important corporate governance document", and a "very commendable example".

The subject of all this praise is a new, six-page document issued by General Motors after several months of hard thought and years of bitter experience. It lays down the company's guidelines on the role and composition of its board of directors.

The chief message is that power should be vested primarily in the board's non-executive directors, rather than the group's chief executive.

The guidelines thus institutionalise the dramatic changes at GM in 1992, when the board's non-executive directors ousted the then chief executive, Robert Stempel, and replaced him with Jack Smith. Stempel's position as chairman was filled by John Smale, the non-executive director who had led this boardroom revolt.

It was a remarkable change for GM. Throughout the 1980s the board had been dominated by Roger Smith, who combined the roles of chairman and chief executive. Ross Perot, a one-time board member, likened other members to "pet rocks" because of what he saw as their passivity.

Many other US companies, prodded by shareholder unrest, have made outside directors more independent of management, though chief executives still wield great power in some groups.

The significance of GM's guidelines is that the company is one of the first US businesses to codify this power shift, with clear policies on the role of the board.

The document covers 28 issues and on many of them GM follows policies which institutional shareholder activists lobbying for better corporate governance regard as good practice.

It says the board should consist of a majority of non-executives – GM's company by-laws insist on this – and that they should make the decisions on matters of corporate governance. But one of the main problems which often face outside directors in challenging chief executives is a lack of leadership. GM solves this by having the non-executives select a "lead director" to chair at least three of the special meetings a year of outside directors.

When an outside director becomes chairman at GM – as in the case of Smale – the chairman is the "lead director".

However, GM does not have a firm policy on whether the roles of chairman and chief executive should be split (though many corporate governance activists insist they should). The board, it says, "should be free to make this choice any way that seems best for the company at a given point in time".

The guidelines also say all directors should have "complete access" to GM's management, rather than routing inquiries through the chief executive, and the board should receive in writing information "important to its understanding of the business" in advance of its meetings.

"As a general rule, presentations on specific subjects should be sent to the board members in advance, so that board meeting times may be conserved and discussion time focused on questions that the board has about the material."

The board should be responsible "in fact as well as procedure", for selecting its own members (rather than leaving this to a chief executive, who might fill positions with his friends).

GM has also established a committee of director affairs, which is responsible for assigning board members to its various other committees (such as audit, public policy and compensation). It must also report annually on the board's performance, and review areas of the business where it could make a better contribution.

Once a year the outside directors must evaluate collectively the performance of the chief executive, and their opinion will help the board's compensation committee set pay for the position. The chief executive must report to the board annually on succession planning and management development.

The guidelines specify no fixed-term limits for being a director – which some shareholder activists demand – on the grounds that this would reduce their contributions and their experience in the job which gives them particular insights into the company. Instead, the committee of director affairs will review each director's position on the board every five years.

The guidelines also avoid a ruling on whether former chief executives should be allowed to remain on the board, saying that this is a matter to be decided in each individual instance.

That may disappoint some shareholder activists, though most will find much else to cheer about in the GM code.

## BUSINESS AND THE ENVIRONMENT

*WORLDWIDE WASTE*

# In pursuit of the effluent-free mill

**Christopher Brown-Humes** on the pressures forcing the Nordic pulp and paper sector to clean up its act

At the Korsnäs pulp mill at Gävle on the Swedish east coast, they boast that the problem of industrial waste has almost been solved. A dramatic cut in effluents into the surrounding bay has brought fish back and means the water is "virtually unaffected" according to Bengt Nordin, Korsnäs' vice-president. "We have a good answer to pollution questions; we can improve a bit but the basic job has been done," he says.

Across the Gulf of Bothnia, in Finland, the newly-reconstructed Enocell mill of the Enso-Gutzeit group has cut discharges of chlorinated organic compounds to just 90 grams per tonne of pulp produced, compared with 1.25kg in 1990 and a Nordic average of 6kg in 1985.

Successes like these have encouraged executives in the Nordic pulp and paper sector to suggest that "the totally effluent-free" mill will soon be a reality. Such a mill would not only recycle the water it uses, it would also use much less water than is consumed today.

Waste has been a more contentious issue for Nordic pulp and paper companies than for other industries in the region because of the sector's huge consumption of water, the destructive impact of some bleaching processes on the environment, and the economic importance of forestry to Sweden and Finland where it is the single biggest net earner of foreign currency. Worries about disturbing the delicate eco-balance of the Nordic lake systems and fears of aggravating the problems of the heavily polluted Baltic Sea have only added to the pressures.

According to Nils Jirvall, director of environmental protection at the Swedish Pulp and Paper Association, Nordic mills have been driven to clean up their act by the twin forces of consumer pressure and legislation. German-speaking areas in Europe have sought tighter environmental standards in the pulp and paper industry, and driven the trend towards "totally chlorine-free" bleaching. Export-dependent Nordic forestry cannot afford to turn a deaf ear to their calls.

As a result, most Nordic pulp mills not only meet legislative requirements but exceed them. In Sweden, for example, average emissions of chlorinated organic compounds are 0.5kg per tonne of pulp produced, compared with the 1.5kg level prescribed by the authorities. Regulation is tough and has been tightened progressively to take account of technological developments.

In Finland, chlorine consumption has dropped from more than 60kg per tonne of bleached pulp in 1980 to less than 10kg last year. Over the same period, sulphur dioxide emissions to the air have fallen from 104,000 tonnes to 14,600 tonnes. "Average emissions are between 7 and 10 times lower today than they were in the early 1980s," says Pertti Laine, director of industrial and environmental policy at the Finnish Forest Industries Federation.

**The emphasis has been on changing mill processes rather than enhancing the treatment of effluent**

The improvements have been achieved despite big increases in total pulp production. The emphasis has been on changing the internal mill processes, rather than enhancing the treatment of effluent. One big improvement has been to extend the pulp cooking stage, so that more of the discolouring resin, lignine, is removed prior to bleaching. Another has been to use chlorine dioxide instead of chlorine gas in the bleaching process. Some mills have even gone a stage further, using hydrogen peroxide, enzymes and ozone to produce chlorine-free pulp.

The cost has been considerable. The Swedish pulp and paper association calculates that Swedish forestry groups have spent SKr20bn (£1.7bn) since 1971 on environmental protection. In Finland, environment-related investments are costing forestry groups between FM700m (£86m) and FM800m a year. Enso-Gutzeit alone spent FM400m on environmental measures during the FM2.5bn reconstruction of its Enocell mill.

The danger is that such big outlays will damage Nordic competitiveness during the current market recession at a time when rival pulp and paper producers in North America, Brazil and Indonesia are not investing as much on environmental protection. But, Jirvall says, "even if they don't have the legislation in Brazil and Indonesia, they still have to act on the market".

The success of the Nordic mills in cutting pollution has helped to shift the environmental debate towards forest management and recycling. But many executives believe emissions can be cut further. It is no longer a question of whether the technology is available, but whether mills can afford to install it.

The key is the removal of chlorine. Once this highly corrosive substance is eliminated from the bleaching process, it is much easier for mills to enclose their water systems and discharge no liquid effluent. This "closed cycle" concept has been embraced by the designers of a planned FM3bn pulp mill at Rauma in western Finland whose backers say that when starting from scratch, the capital and operating costs associated with the latest technology are no higher than with conventional processes.

*Next week: France*

Rich pickings: Kenya's vast wealth of wildlife underpins a tourist industry worth $450m a year

# Conservation conflict

**Leslie Crawford** on the issues behind Richard Leakey's stormy exit from the Kenya Wildlife Service

It takes an unconventional man to rescue a nation's wildlife from the clutches of ivory poachers, smuggling syndicates and real estate barons. But last month, Richard Leakey broke with all convention by doing something unheard of in Africa. He resigned from a government post on a point of principle, and he did so publicly, challenging the wisdom of new presidential directives on wildlife management in Kenya.

Leakey's stormy exit from the Kenya Wildlife Service (KWS) dismayed conservationists at home and abroad. It has also shaken the Kenyan establishment, which had been trying to project a cleaner international image after the corruption scandals of recent years.

To foreign donors, Leakey represented the new face of public service in Kenya. He was a man who had taken over a corrupt and dispirited government department in 1989 and transformed it into a dynamic entity, with the freedom to cut through red tape and resist political interference. Leakey sacked 1,640 staff, re-introduced a shoot-to-kill policy against game poachers, and campaigned for an international ban on ivory.

Pictures of President Daniel arap Moi setting fire to pyres of captured elephant tusks broadcast to the world Kenya's renewed commitment to the protection of wild animals. Leakey believed Kenya's rich wildlife, which underpins a tourist industry worth $450m (£308m) a year, could be managed in a profitable and sustainable manner. Donors, including the World Bank and Britain's Overseas Development Agency, backed his plans by pledging $300m for KWS projects over the next 10 years.

Leakey's acrimonious departure has left Moi's government with a public relations disaster. Noah Katana Ngala, the tourism and wildlife minister, called Leakey's resignation a "criminal act by a senior civil servant".

Donors must unravel a knottier issue: they must decide whether the funds pledged for conservation are safe from political predators. The omens are not good. Over the past four years, Leakey says, he withstood the attempts of "land-grabbing" politicians to appropriate chunks of Kenya's wildlife sanctuaries to develop hotels or mining concessions. He believes their failure led to a smear campaign.

In January, Leakey stood accused of racism, arrogance and corruption, and he faced a secret government probe into the workings of KWS. He left his post in January, was recalled by the president in March, and resigned again two weeks later, saying the government had placed impossible restrictions on the director's job. He cited only two of the new directives. Armed rangers of KWS anti-poaching units were to be placed under the authority of the Commissioner of Police. "I foresaw problems," Leakey says. "If you have two units carrying arms, patrolling an area the size of Northern Ireland, who is the boss?"

Leakey also says he was ordered to spend 75 per cent of KWS resources outside national parks, on the novel reasoning that three-quarters of Kenya's animals live outside protected areas. "Our aim was to manage wildlife in key tourist destinations because tourism is the biggest foreign exchange earner in Kenya," he says. Leakey concluded that the KWS dream of a "self-financing, efficient, and effective, publicly owned, but independent conservation authority" was not viable under the new directives.

However, Hilary Ng'weno, chairman of the KWS board of trustees, insists there has been no change in KWS policy. He says the board is discussing the recommendations of the government's probe committee – more than 100 of them – not all of which might prove feasible.

Ng'weno does not appear to lament Leakey's departure. The chairman conspicuously failed to come to Leakey's defence when he was under attack for racism and indifference to the needs of communities bordering game reserves. "If one man wants to take credit for everything KWS does, he should be prepared to take the blame for its failures," Ng'weno says.

The rift between the two men appears to have become deeper after an air crash in September which cost Leakey both his legs. Ng'weno says the board played a more active role during Leakey's convalescence abroad. They were unhappy with the high salaries of certain senior managers, who nevertheless appeared unable to act without their mentor. "Leakey's stewardship was faulty in that it didn't distinguish the captain from the ship," Ng'weno says.

Yet this fusion of identity worked to the government's advantage while Leakey was fund-raising abroad. With $300m pledged towards conservation in Kenya, it appears that Leakey had outlived his use. Like others before him, he was discarded by Moi. The World Bank, which had earmarked $60m for wildlife management in Kenya, is concerned about the upheaval at KWS. "We felt the projects were progressing well under Leakey's stewardship," says Agi Kiss, a World Bank official.

It is, however, difficult for donors to side openly with Leakey, a white Kenyan with 25 years of public service, without incurring charges of favouritism or racial bias. Kenyans are sensitive to statements that might imply that black Africans are more susceptible to corruption or ineptitude than whites. Leakey's successor, however, is a white Kenyan. David Western has solid credentials in the field of conservation and is reported to be on good terms with William ole Ntimama, the minister for local government who led the attacks against Leakey.

Conservation will be the least of Western's worries at KWS. New policies are needed to curb the growing conflict between people living and farming near sanctuary areas and the wildlife – a need Leakey admits he was slow to address. Local councils, starved of central government funds and short of patronage, are also eager to wrestle game park revenues from KWS – gate fees alone earn $1m a month.

Western, who inherits an army of game wardens, vehicles and surveillance aircraft, will have to avoid the charges of empire-building that hounded his predecessor from office. "Will the new director be able to resist the political pressures on KWS?" asks Leakey. He wishes him luck.

Television/**Christopher Dunkley**

# Never mind the broadcast quality

The number of new series arriving on television keeps on increasing as the number of channels grows and, more important, as series get shorter. Unfortunately, the amount of talent available remains static.

In Britain, television used to rely on gifted people to come up with good programme ideas – so talent was crucial. American practice is far more hard-headed as the networks commission material from programme makers and impose tight quality control. If you do not get a gag a minute into your situation comedy, then somebody else will: talent – schmalent! You work to a formula designed to achieve a given rating and if you fail there are plenty of wannabes behind you.

Although there is still much talented material on British television, more and more broadcasters seem to be setting off down the American road. Take the BBC1 series *Do The Right Thing*, now screened on Saturday nights. We are told that it is made under licence from Brazil, where the idea of viewers phoning in to vote on the moral conundrums in a brief soap drama is a huge success. Whatever its origins, there is no mistaking that the British version is in several respects a hybrid.

It is like a cross between *Blankety Blank* and the Ten Commandments. Presenter Terry Wogan wanders around, joshing (I think that is the word) with a panel of minor "celebrities", just as he did on *Blankety Blank*. But this time he is asking ethical questions in the hope of getting a funny answer. This is more or less ensured because the only resident panellist, Frank Skinner, is a comedian.

At several stages in the filmed vignette the studio audience is invited to "vote with your feet", taking "Yes" seats to the left and "No" seats to the right. Should the man have an affair with his stepdaughter? Vote with your feet (and please mill about in the middle or it looks very unexciting).

*'Do The Right Thing' manages to combine all of television's favourite populist forms*

At the end of the story viewers are urged to phone in and vote. Thus the show manages to combine all of television's favourite populist forms: soap opera, quiz, comedy and chat show, with a phone-in thrown in. It is hard to imagine anything working more assiduously to a formula. *Do The Right Thing* reduces moral problems to the level of mindless gags, and if the BBC really suggests that this is part of the "Himalayan option" – the high ground of broadcasting which they claim to be seeking – then heaven preserve us from the lowlands.

Of course the prescriptive system can work, if by "work" you mean achieving a consistent level of entertainment and a given rating. Many formula-based American series are impressive, from *M*A*S*H** and *Cheers* to *Donahue* and *Columbo*. Nor is creation to a strict precept a guarantee of poor quality in British television. BBC1's newish Sunday evening comedy *Ain't Misbehavin'* takes Peter Davison, who was so good as one of the adulterers in *A Very Peculiar Practice*, Nicola Pagett who was so good as one of the adulterers in *A Bit Of A Do*, and teams them up as two sides in an adultery parallelogram. To be precise adultery has not yet been achieved, but that is what the series is all about, and since the writer is Roy (*Last Of The Summer Wine, Open All Hours*) Clarke, the absence of adultery is funnier than its presence. It would be no great surprise if the wronged partners became the first to do the deed.


Terry Wogan: ethical questions

ITV's newish Thursday comedy, *Outside Edge*, is even more of a known quantity, having started life as a stage play and then been adapted as a television drama. Author Richard Harris is now proving that with a little stretching and augmentation his material - primarily two couples involved in a scratch cricket team - can make a highly entertaining series. It lacks the drive and inventiveness of a *Fawlty Towers* but the characterisation (the Dervishes played by Robert Daws and Brenda Blethyn: "Look, love you Miriam, fair enough? Okay, fine", and the Costellos played by Josie Lawrence and Timothy Spall: "Dontcha just love him? I'm gonna give him a right seein' to when I get him home") is splendidly enjoyable.

The awful fact is that not only does the formula system often produce entertaining material, but talent, even in people who do have good ideas, can often go wrong. The series now running on Friday evenings on BBC2, *From A To B: Tales Of Modern Motoring*, is made by Nicholas Barker, following his weird series about domestic taste, *Signs Of The Times*. There is a formula of sorts behind both these series, but it is entirely Mr Barker's.

In the motoring programmes we again have striking photography, interviewees speaking to camera so fluently that they sound rehearsed, conversations which are as artificial as dialogue in a play, with participants waiting for one another to stop before they speak, and technically astounding footage. Goodness knows where some of the camera mountings have been for the in-car sequences.

The trouble is that with no reporter or even voice-over we have no way of knowing whether we should take this seriously or - as I suspect - treat it largely as a piece of tongue-in-cheek fiction.

The most striking example of the non-American approach in the past week, however, was *Curse Of The Firebeetle* in the brief Arena Relics series. Here was a truly individual vision if ever there was one: an account of a man trying to carry the giant shield of Atahualpa, the sun god, across a forbidding landscape to Lima, all shot as a pastiche spaghetti western.


Josie Lawrence teams up with Timothy Spall in the highly entertaining series 'Outside Edge'

The pastiche was superb, with striking compositions of man, man-made object and landscape that were often better than the originals by Sergio Leone and Clint Eastwood. If there is an Oscar for location finding this film should win it hands down; the Bolivian scenes (standing in for Peru) in mountain and desert were quite astounding. The trouble was that what little story we got was thin and unlikely, and writer/director Paul Gruebel Lee clearly had nothing else to say. He was just knocked out by the *mise-en-scéne*.

Successful non-formula programmes by talented people are few and far between and, as more television channels demand increasing quantities of "product", they will seem even fewer and further between. They will, however, continue to set the standard by which everything else is judged.

Music

# Lazarev's bold strokes

The Barbican has played host to the BBC Symphony and to Alexander Lazarev, their "principal guest conductor" since 1992 (and Bolshoy director since 1987), twice in the last fortnight. Some of us are just now realising what an excellent choice the BBC has made. The orchestra itself sounds fully persuaded, for it was on strong, distinguished form for both concerts: acutely sensitive to Lazarev's overall intentions, grateful to take expressive advantage of the breathing-space he makes for solo voices.

This second Lazarev concert repeated the format exactly; only the actual music was different. Instead of a symphony by an obscure Georgian in late middle-age, he introduced one by an obscure 74-year-old Muscovite; instead of Shostakovich's precocious First, we had his stark, sombre Sixth; and the virtuoso concerto this time was Prokofiev's no. 2 for violin. The proud soloist was Dmitri Sitkovetsky, forceful but perfectly *soigné* as is his wont.

The conductor's big test came at last with Shostakovich's fraught Sixth (1939). But it was scarcely a "test". Lazarev established his musical authority in it at once, so one just sat back to appreciate how he would develop it. Severely contrapuntal, mostly dark despite some all-out shrieks, the Sixth is no easy showpiece. Organising its broad paragraphs and the troubled longer argument that contains them is work for a musician rather than a showman. Lazarev set about it with urgent, expert sympathy and unforced purpose, and the result left a deep impression.

In a few places Shostakovich's score rises to desperate screams. Each time, Lazarev had made us feel the relentless musical pressures that justify them – but he rushed nothing, allowing the music to accumulate its own anxious weight. The BBCSO played superbly, from piccolo (much favoured here) and first flute down to the impeccably alert timpanist. The ensemble-writing was as pointed and telling as a good chamber team could boast. Was that due to extra rehearsal time, or a special Lazarev knack?

As for Nikolay Karetnikov's Symphony no. 4, Lazarev was (shall we say) *nice* with it. In 1963 it must have been a brave, defiantly unacceptable Soviet essay in Schoenbergian writing. Now its expressive convolutions sound honest and plain, never unmusical, but sedulously beholden to the Viennese master – too much like an earnest, belated homage to an ideal that had already been taken much further and more fluently by Western sparks.

Karetnikov is a long-respected composer of Soviet film music (like Sofia Gubaidulina), with a keen dramatic ear. This performance made me want to hear more of his earlier "acceptable" music, and his most recent pieces – but I suspect that his transitional work should remain decently hidden away, like anybody else's private crises.

**David Murray**

Dance/**Sophie Constanti**

# Head-banging with the Cholmondeleys' Metalcholica

Lea Anderson's new show for The Cholmondeleys, *Metalcholica*, features two customised motorbikes, seven women clad in skin-tight bikers' gear, and a rock/thrash guitar score that is effervescent fun for about 20 minutes but soon lapses into terminal, head-banging monotony.

Anderson's choreography – smothered, rather than matched or instigated by Drostan Madden's music (played live) – is the usual Cholmondeleys-styled amalgam of lumpish pedestrianism, filigree gesture and occasional bursts of energy harnessed in neat, rhythmic geometry. And here, as in previous works, Anderson skilfully teases her vocabulary into phrases and patterns based upon a chosen theme and its associated images.

*Metalcholica* is fashioned as a road movie in which each Cholmondeley is a rebel without much of a cause or corse, but manages to turn the desire for freedom, independence and escape into a full-time, dead-end job. Having taken to the road – metaphorically at least – the women spend much of their time gently gyrating under dusky, purple skies, and slumping into each other's arms after a heard but unseen accident on an imaginary highway.

*Anderson conjures up scenes of lonely fantasy and misadventure*

As one of the two women in possession of a bike, Gaynor Coward discovers that hers needs fixing. So, after much pedal-pumping, she retires to a downstage corner to dismantle (and, more impressively, reassemble) the Honda – an operation which takes up most of the evening. At intervals, Coward downs tools and joins her road mates in bilious pursuit of a fancy free existence.

Assisted by Anthony Bowne's lighting and Sandy Powell's costumes, Anderson conjours up scenes of lonely fantasy and misadventure in the barren, open spaces of the wild west. Mute impersonations of rock stars (generic rather than particular) offer the cast further opportunities to throw on shades, peaked caps and the obligatory fringed, studded leather jackets. That *Metalcholica* is peppered with fragments of Anderson's earlier creations – the scuttling figures of *Fish Wreck*, the crawling insects of *Flesh And Blood*, the truncated mapping of faces and bodies in *No Joy*, and the hints of alchemy from *Precious* – comes as no surprise. For the show marks the Cholmondeleys' 10th anniversary and, as you might expect, Anderson has chosen to celebrate the decade by encapsulating what she has learnt and developed.

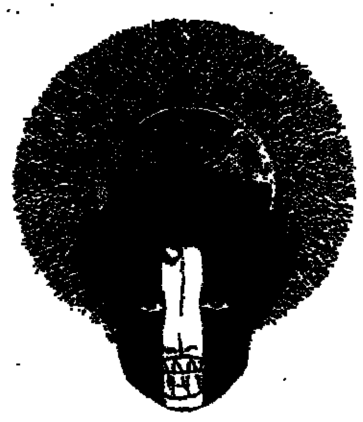
Ironically, the Cholmondeleys' line-up includes three new recruits – Ragnhild Olsen, Angelique Wilkie and Michelle Levi – making their debuts in *Metalcholica*. Unlike the original members – Anderson, Teresa Barker and Gaynor Coward – Olsen, Wilkie and Levi have not been part of the Cholmondeleys' history and have not yet absorbed the quirks of Anderson's choreography.

*The more expansive quality of their movement adds a vital ingredient*

But the more expansive quality of their movement adds a new and vital interest to the natural introversion of the Cholmondeleys' style.

Olsen and Levi, tall and long-limbed like Alexandra Reynolds (who joined the company in 1989), also provide a physical contrast to the three shorter, more compact women. And although they seem to drag their heels against the speed of Anderson's more tortuous arrangements, they illustrate the kind of upper body stretch which, previously, only Teresa Barker could make visible.

As the Cholmondeleys grow older, their need for change and transformation becomes increasingly urgent; we know who they are and what they do, and it is all too familiar now. In *Metalcholica*, Anderson makes sure they die young, but what good is that if we have not yet seen them live fast?


Cholmondeleys: burst of energy

The Place Theatre until April 9, then touring.

INTERNATIONAL ARTS GUIDE

## ■ BONN

**Oper** Tonight, Sat, next Tues: Dennis Russell Davies conducts Gian-Carlo del Monaco's production of Les Contes d'Hoffmann, with Keith Olsen in title role. Tomorrow: two Orff ballets, choreography by John Butler and Youri Vamos. Sun afternoon: Valery Panov's production of Prokofiev's ballet Cinderella. Mon: song recital by Larisso Shevchenko and Alexey Steblianko (0228-773667)

## ■ COLOGNE

**Philharmonie** Tomorrow: Herbert Mogg conducts Philharmonia Hungarica and the ensemble of Munich's Gärtnerplatztheater in a concert performance of Oscar Straus' operetta Ein Walzertraum. Fri: Christoph Prick conducts German Youth Orchestra in works by Richard Strauss and Mahler. Sat: Marjana Lipovsek song recital. Sun morning, Mon and Tues evening: James Conlon conducts Gürzenich Orchestra in Busoni and Bruckner, with violin soloist Frank Peter Zimmermann (0221-2801)

**Opernhaus** A new production of Peter Grimes, staged by Anthony Pilavachi and conducted by James Conlon, can be seen tomorrow, Sun, next Wed and Sat, with cast headed by Ben Heppner, Elrian James and Victor Braun. Repertory also includes Rigoletto with Alexandru Agache and Leontina Vaduva, and Yevgeny Onegin with Galina Gorchakova (0221-221 8400)

**Schauspielhaus** This month's repertory includes Camus' Caligula directed by Werner Schroeter and Günter Krämer's stagings of Fiddler on the Roof and Brecht's The Good Person of Szechuan. A stage adaptation of James Joyce's Molly Bloom can be seen at Westend-Theater (0221-221 8400)

## ■ COPENHAGEN

**Royal Theatre** Tonight, Sat, Mon: Paavo Berglund conducts Dieter Kaegi's new production of Fidelio, with casts including Stig Fogh Andersen, Poul Elming and Tina Kiberg. Fri: Il barbiere di Siviglia (tel 3314 1002 fax 3312 3692)

## ■ DRESDEN

**Semperoper** Tonight, Sat: Ruth Berghaus' production of Tosca. Tomorrow: Der Rosenkavalier. Fri: Stephan Thoss' production of Prokofiev's ballet Romeo and Juliet. Sun: Fidelio with Klaus König and Ekkehard Wlaschiha. Sun morning, Mon and Tues evening: Giuseppe Sinopoli conducts Dresden Staatskapelle in works by Haydn and Brahms, with cello soloist Peter Bruns (0351-484 2323)

**Kulturpalast** Sat, Sun: Jörg-Peter Weigle conducts Dresden Philharmonic Orchestra in works by Elgar, Bruch and Shostakovich, with violin soloist Igor Oistrakh (0351-486 6666)

## ■ FRANKFURT

**Alte Oper** Tomorrow: Jerzy Katlewicz conducts Sinfonietta Cracovia in works by Lutoslawski, Szymanowski and Chopin, with piano soloist Janusz Olejniczak. Sat: Krzysztof Penderecki conducts Sinfonietta Cracovia in works by Penderecki and Shostakovich, with viola soloist Yuri Bashmet. Tues: Barry Manilow (069-134 0400)

**Jahrhunderthalle Hoechst** Sat: Andrew Davis conducts Bamberg Symphony Orchestra in works by Stravinsky and Beethoven, with piano soloist Radu Lupu. Next Tues: Lionel Hampton and Big Band (069-360 1240)

**Oper** Sat: Sylvain Cambreling conducts Herbert Wernicke's staging of Bartok's Duke Bluebeard's Castle, with Henk Smit and Katherine Ciesinski. Sun: Hans Zender conducts first night of Veit Volkert's new production of Peter Cornelius' comic opera Der Barbier von Bagdad (in repertory till May 13). Tues: Cambreling conducts Ensemble Modern in works by Varese (069-236061)

**English Theater Kaiserstrasse** A new production of Arthur Miller's 1991 play The Ride Down Mount Morgan can be seen daily except Mon (069-2423 1620)

## ■ GOTHENBURG

**Konserthuset** Fri evening, Sat afternoon: Otmar Suitner conducts Gothenburg Symphony Orchestra in works by Mozart and Beethoven, with piano soloist Maria Tipo (031-167000)

**Stora Teatern** Fri, Sat: The Russian Story, ballet by Robert North with music by Tchaikovsky and Shostakovich. Sun: first night of new production of Poulenc's La Voix humaine, with soprano Elisabeth Erikson (031-131300/031-136500)

## ■ HAMBURG

**Staatsoper** Tonight, next Tues: Il trovatore. Tomorrow, Sun: Le nozze di Figaro. Fri, next Wed: L'elisir d'amore. Sat: Ariadne auf Naxos. Sun morning, Mon evening (in Musikhalle): Christian Thielemann conducts Brahms' Second Piano Concerto (Stefan Vadiar) and Fourth Symphony (040-351721)

## ■ HELSINKI

**Finnish National Opera** Berlin's Deutsche Oper gives guest performances of Tannhäuser on Sun and next Wed, with a cast headed by René Kollo, Sabine Hass and Karan Armstrong. Rafael Frühbeck also conducts the Orchestra of the Deutsche Oper in works by Haydn, Hummel and Strauss next Tues (0-4030 2211)

## ■ LEIPZIG

**Gewandhaus** Tomorrow, Fri: Dmitri Kitaenko conducts Gewandhaus Orchestra in works by Rimsky-Korsakov, Prokofiev and Tchaikovsky, with violin soloist Michaela Paetsch Neftel. Sun: MDR Chamber Philharmonic plays Vorisek, Glazunov, Ravel and Ginastera. Sun (Kleiner Saal): Andrei Gavrilov piano recital. Tues: Muhai Tang conducts MDR Symphony Orchestra in Webern, Strauss and Bartok. Next Thurs and Fri: Martha Argerich plays Schumann's Piano Concerto (0341-713 2280)

## ■ MUNICH

**Staatsoper** Tonight, Sun, next Thurs and Sat: Il trovatore with Elena Filipova, Stefania Toczyska, Dennis O'Neill and Justino Diaz. Fri: Ray Barra's production of Minkus' ballet Don Quixote. Sat: Ivor Bolton conducts Richard Jones' new production of Giulio Cesare, with Ann Murray, Kathleen Kuhlmann, Trudeliese Schmidt, Pamela Coburn and Christopher Robson. Sun morning, Mon and Tues evening: Peter Schneider conducts Bavarian State Orchestra in works by Lutoslawski, Prokofiev and Kodaly, with violin soloist Markus Wolf (089-221316)

**Gasteig** Next Mon: Charles Dutoit conducts Montreal Symphony Orchestra in works by Ravel, Szymanowski and Tchaikovsky, with violin soloist Chantal Juillet (089-4809 8614)

## ■ OSLO

**Konserthus** Fri: Thomas Sanderling conducts Oslo Philharmonic Orchestra in works by Mozart, Chopin and Mendelssohn, with piano soloist Sigurd Slattebrekk (2283 3200)

## ■ STOCKHOLM

**Royal Opera** Tonight: Suppé's operetta Boccaccio. Tomorrow, Sat, next Wed: Doctor Glass, new two-act opera by Arne Mellnäs, libretto by Björn Hakanson after Hjalmar Söderberg's novel. Fri, next tues: La boheme (tickets 08-248240 information 08-203515)

**Rotundan** Tomorrow, Sat, next Tues: Jungfruma (The Maids), new chamber opera by Peter Bengtson after the play by Jean Genet (08-248240)

**Berwaldhallen** Fri evening, Sat afternoon: Herbert Blomstedt conducts Swedish Radio Symphony Orchestra and Chorus in Brahms' German Requiem, with soloists Hillevi Martinpelto and Hakan Hagegard. April 15, 16: Giulini conducts Beethoven's Ninth (08-784 1800)

**Konserthuset** Sun: Sergiu Celibidache conducts Munich Philharmonic Orchestra (tickets 08-102110 information 08-212520)

## ■ STUTTGART

**Staatstheater** Tomorrow: Ingo Metzmacher conducts Johannes Schaaf's production of Rigoletto, with Wolfgang Schöne and Catriona Smith. Fri: Béjart's choreographic version of Die Zauberflöte. Sat: Ernst Krenek triple bill of one-act operas. Sun: Der Rosenkavalier with Ellen Shade and Helmut Berger-Tuna. Mon: Don Giovanni. Tues: Achim Freyer's production of Der Freischütz (0711-221795)

**ARTS GUIDE**

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**Friday:** Exhibitions Guide.

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**Sky News:** FT Reports 0230, 2030

**SUNDAY**
**NBC/Super Channel:** FT Reports 2230
**Sky News:** FT Reports 0430, 1730;

## Edward Mortimer

# Identity to cling on to

### In a world of dissolving states, nations matter more than ever

Is the nation-state obsolete? This seemingly academic question is in fact highly topical. Many of the arguments for regional integration, in north America as well as in Europe, start from the observation that economic life can no longer be organised effectively within the borders of a single state. If citizens are to have any chance of regulating economic behaviour successfully, they need transnational rules and supra-national institutions to do it.

Yet the nation-state remains the only form of political authority that most people can relate to emotively. In recent years some 20 new nation-states have emerged, as the former multinational states of Yugoslavia and the Soviet Union broke up. Obviously the people founding these new states, often at a terrible price in human suffering, do not believe the model is obsolete.

I have a theory to explain this paradox: the nation-state does still have a vital role to play in the world, but no longer the same role that it had in the past.

For 200 years, from the 18th to the mid-20th century, the nation-state was an engine of modernisation. Around the time of the French Revolution it became obvious that states could be more successful and powerful if they mobilised the energies of their subjects by treating them as citizens. People began to believe that the state was there to serve them, not the other way round. The state should be the expression of common interests, and a common identity, shared by all its inhabitants: together they formed the nation, to which the state belonged.

Clearly this idea has a lot to do with democracy. It also has a lot to do with mass education, and with various other phenomena which we associate, rightly or wrongly, with progress and modernity – notably the formation of an effective, highly-motivated fighting force. In schools and armies and other mainly state-run institutions people from different parts of a country got to know and understand each other, to speak and read a generally intelligible version of their national language instead of local dialects, to think of themselves as a nation with common interests to defend.

Political parties, trade unions, lobbies: all developed with the main goal of steering the nation in one direction or another, through control of or influence over the state. In response, the state intervened in more areas of life, acquiring control, even ownership, of larger shares of the nation's wealth.

People who didn't belong to such a nation, or who felt that they belonged to a nation that lacked its own state, or to a nation whose state did not include them, seemed to be missing out on modernity and its benefits. They were easily persuaded to follow nationalist leaders who offered them membership of a nation-state as the ticket to participation in the modern world.

**In Africa and the ex-communist bloc statehood has simply failed to deliver the goods**

Thus for 200 years or so the nation-state was one of the main agents of modernisation, and modernisation strengthened the nation-state. But sometime between 1945 and 1980 the nation-state peaked. Modernity became global. Today all the processes of modernisation cut across state frontiers, and tend to erode rather than reinforce the state's grip on the lives of its citizens:

- The instantaneous transmission of images and information around the world has resulted in capital movements of such speed and volume that the notion of a national economy has become virtually meaningless.
- The information revolution has also created a global mass culture, and has made political debate harder to contain within state frontiers.
- Industrialisation has reached a point where it creates environmental problems that have equally little respect for frontiers.
- In the industrial world the state became overloaded. It is no longer able to fulfil all the demands its citizens make on it without taxing them more. And it can no longer guarantee employment to unskilled workers at the wages they expect, given the growing competition from capital-intensive technology at home and low-cost labour abroad. It has begun to retreat.
- In parts of the ex-colonial world – Africa, especially – and now in much of the ex-communist world as well, statehood has simply failed to deliver the goods. First it failed economically, by applying controls which stifled free enterprise, and now it is failing politically too. Even where states still physically control their national territory, in the sense of eliminating armed rebellion, they often cannot provide basic social services, or even the physical security which is their primary *raison d'etre*.

The more successful members of the human race can now participate directly in the global economy and culture, through multinationals and other non-governmental organisations, without needing a nation-state to represent them; and the less successful find the states which purport to represent and defend them are increasingly less able to do so in practice.

Even war, which used to be seen as the quintessential monopoly of the state, has become both sub-national and supra-national.

In this bewildering new world the nation-state is no longer the engine of modernisation. Instead it has become the "Jesus rail" – the handle that a white-knuckled passenger clings onto shouting 'Jesus', as the car he is travelling in hurtles round a blind corner. The world is hurtling into the third millennium at terrifying speed, and we all feel the need for something familiar to hold on to: a community, a group with which we share language, culture and collective memory; a nation, in fact.

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**Tony Jackson** asks if inefficient pubs, owned by brewers, are increasing the price of British beer

# A bitter twist to the bar-room tale

Are the British paying too much for their beer? Given that most of the big brewers are about to announce lower annual brewing profits for the second or third year running, the question might seem slightly perverse. But consider the following facts:

- In the past decade, the price of a pint of beer in a pub has risen 29 per cent before tax, duty and inflation. Consumption has fallen 6 per cent. By contrast, the average real price of a bottle of wine in the UK has fallen 12 per cent and consumption risen by half.
- The standard price of bitter in London is now about £1.80. In some pubs, a pint can be bought for 85p or less.
- The latest available data suggested that Carlsberg, the Danish brewer, had a fifth of its worldwide sales in the UK but more than half its profit.
- Stella Artois, the Belgian lager, is advertised in the UK as "reassuringly expensive". Last summer, the British supermarket chains Tesco and Sainsbury started importing Stella from France and sold it 25 per cent cheaper than the UK-produced version.

Though the brewers would contest some of the details, none would deny they have a problem. The issue is not one of excess profits. It is not even – as the brewing lobby would argue – the high level of UK duty on beer. It is more a question of whether the British system of distributing beer through pubs mostly owned by the brewers is proving more expensive than drinkers will bear: and if so, what the brewers can do about it.

Pubs, certainly, are at the heart of the problem. According to one big brewery chief, the real price he charges for a barrel of beer from his breweries has been falling steadily for the past 15 years. Throughout that time, the real price of a pint in his pubs has been rising. His breweries have become steadily more efficient: but as an economist might put it, his productivity in services has failed to keep pace with his productivity in manufacturing.

But if pubs have failed to modernise, supermarkets are another matter. The real price of canned and bottled beer sold in supermarkets and off-licences has been falling for many years and consumption has risen accordingly. As a result, the share of the beer market sold through the off-licence trade has risen, while the pubs' share has fallen.

Nevertheless, pubs still account for around 75 per cent of the beer drunk in the UK. In an international context, this remains a high figure. That fact undermines another argument currently popular with the brewing lobby: that the price of a pub pint before duty is lower in the UK than in any other European Union country except Portugal. That is only partly relevant. A glass of beer in a French or Italian bar is expensive, but does not represent the typical price of beer in those countries. Draught beer accounts for only 16 per cent of consumption in Italy and 24 per cent in France.

The inefficiency of the pub network as a way of distributing beer does much to account for the high UK profitability of Carlsberg in the 1980s. Beer prices in pubs are set by the big integrated operators, such as Bass and Whitbread, which need to cover the cost of their pubs as well as their breweries. A pure brewing business such as Carlsberg, which owns no pubs, can charge the same prices and pocket the difference.

Even in the off-licence trade, the case of Stella Artois suggests UK prices can be excessively high. The UK brewers insist that net of duty, the price of off-licence beer is the same around Europe. But a number of continental lagers, such as Kronenbourg and Grolsch, are dearer in the UK.

**UK beer: comparing the grape and the grain**


Source: HM Customs and Excise (adjusted)　* Before duty, VAT and inflation

This is, of course, before taking account of the abnormally high UK duty on beer. As brewers point out, the British pint in a pub may be second cheapest in the EU before duty, but is second dearest after it. The UK consumes 21 per cent of beer in the EU, but pays 55 per cent of the duty levied in the Union. Hence the hordes of transit vans now criss-crossing the Channel for cheap French beer, a trade which the brewers put at £500m a year. In this respect, brewers are at the mercy of the UK Treasury. But the basic point remains the same: the price of beer is more of an issue for the British drinker than it has been for decades – hence the price war which has broken out among British pubs.

As the industry points out, discounting is not a wholly new phenomenon. One brewing chief says that, at any time in the past 20 years, he could have visited any town in England and found a pint of beer at half the price being charged in another establishment down the road. But, he concedes, there is a difference. In the old days, the cheap pint would have been in the working men's club or Conservative Association, both of which would have had charitable or non-profit-making status. Now it is in a rival pub.

Some reasons for this are technical. Since the government acted in 1989 to loosen the brewing tie, more pubs are free rather than tied houses, and are thus in a stronger position to negotiate terms with the brewer. Also, as another brewing chief remarks, in the old days promotional discounts and "happy hours" were an invitation to the manager to fiddle the books. Now the brewery can use electronic point-of-sale equipment to keep an eye on him.

There is a more fundamental reason. As Mr Peter Jarvis, Whitbread's chief executive, argues, the consumer climate of the 1990s is one in which people are proud to seek out lower prices. The pubs which offer pints of beer at 85p may sell only a tiny proportion of their beer at that price: but it is a powerful means of getting people through the door.

A striking instance of this is the small London-based pub group, J D Wetherspoon. Its pubs currently promise a pint of Guinness or Courage Director's bitter cheaper than the take-home equivalent from Tesco or Sainsbury. This ought to be commercial suicide; but since Wetherspoon was floated on the stock market 18 months ago, its share price has more than doubled, far outstripping the big brewers, or Tesco and Sainsbury for that matter.

Given the earlier argument about pubs being the root of high beer prices, this might seem paradoxical. There are two explanations. First, the decline in beer consumption has left the brewers with manufacturing overcapacity, so that they are eager to cut their own throats for extra volume.

Second, most of the brewing industry still operates a type of vertical integration which in most other industries would seem quaint. Manufacturers of bread, soap or cigarettes would no longer contemplate owning the shops which sell their products. The fact that UK brewers still do owes much to the historic and ossifying effect of the brewing tie. In turn, much of the instability now afflicting the industry results from the process of sorting out who shall brew the beer and who shall own the pubs.

In the meantime, the reaction of consumers to the high costs of the integrated system means that the number of pubs is likely to keep on shrinking – the industry says by a further 10,000 in the next few years from a total of about 60,000. These will mostly be the small, uneconomic pubs which rely wholly on tied business from the brewery, or old-style boozers selling little other than drink to a male clientele.

To justify the capital tied up in the remainder, the brewers will have to work their assets harder. Increasingly, the new-style pubs will base much of their business on offering an afternoon cup of tea, a playroom for the kids and better food than the local restaurant. Some of them may cease to be recognisable as pubs in the process. In the end, that may be the only way the brewers can justify their prices.

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# LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## Slaves to outmoded fashions

*From Mr Andrew Dyke.*

Sir, Trevor Harvey (Letters, March 30) is right to point out the dangers of current practice in building society governance. Too many societies have embarked on policies which do little for their members but much to demonstrate the incompetence of their management.

Slavish adherence to such already outmoded management fashions as delayering has resulted not only in the appalling standards of service evident in so many branches of the larger societies but – worse – in a lack of middle management capable of reacting on the ground to the opportunities that the fast-changing housing market will present during 1994. This which will mean that many societies lose market share as they fail to take advantage of the improving mortgage market.

All this has come about because societies have pursued the cult of personality to a point where their charismatic but inept chief executives are able to force muddle-headed policies through weak boards which are, as Mr Harvey points out, effectively accountable to no one.

There will be tears in the building society world ere long, and those who have allowed the societies to become unaccountable will largely be responsible.

Andrew Dyke,
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*40 Compton Road,*
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## A cure for Russia's ills that is marred by errors of analysis

*From Professor Padma Desai.*

Sir, Jeffrey Sachs (Personal View, March 31) urges, as some of us have for a long time, that the G7 should get involved more substantively in Russia's economic transformation. But his article is marred by the errors of analysis and judgment that led to his policy failure in Russia.

Wildly improbable demands for aid, matching substantial "shock-therapy" targets to slash the Russian budget deficit swiftly and sharply (as announced and attempted in early 1992), have been the hallmark of Sachs's failed approach. The assertion that only an immediate and huge commitment of $28bn will work in Russia is a reflection of that fallacy. A gradual but firm attack on budget deficits, matched by smaller external support that is increased as Russian stabilisation efforts are seen to be credible and gathering momentum, is surely more realistic. Indeed, the greater cohesion of the Chernomyrdin administration and the prime minister's recent reformist decisions make this a credible policy scenario.

Sachs chastises the International Monetary Fund for rejecting his view that only a fixed exchange rate anchor (supported presumably by a huge aid commitment) would work in stabilising Russia financially. But he fails to persuade. Despite his contrary assertion, the evidence on the question is mixed. The IMF is correct in arguing that domestic financial discipline is the critical problem: fixed exchange rates will not guarantee it and, combined with indiscipline, will leave Russia hopelessly indebted as the larger aid sums are dissipated.

Sachs alienated the Chernomyrdin government by politically siding with the Gaidar-Fyodorov group and attacking Chernomyrdin in the media in fiercely undiplomatic ways when it was widely assumed that the former group would win power in the December elections. He has alienated the IMF, whose policies he has roundly attacked and whose managing director he has called upon to resign.

He would now like the G7 to impose his inappropriate agenda on Russia. The G7 can do no better than to say: no thanks.

Padma Desai,
*Gladys and Roland Harriman professor of comparative economic systems,*
*Columbia University,*
*New York, NT 10027,*
*US*

## Speedy and realistic transport policy

*From Ms Sarah Lees.*

Sir, I would agree that Philip Robin's proposal (Letters, March 22) to reduce top speed on the roads to 50mph would have an immediate impact. Carrying capacity of Britain's roads would be dramatically reduced and would seize up on many critical stretches.

May I suggest that the quickest way to promote a realistic transportation policy would be to put all politicians on public transport for a week, removing all access to private transport and parking privileges.

One might also look at the logic of granting a lifelong driving licence from the age of 17 which does not include assessment on a motorway. If drivers were re-tested annually, an advanced driving licence for motorways and main arterial roads were required, and the minimum speed limit on such roads were raised, it could reduce the number of vehicles and increase the carrying capacity of our present main networks.

The cost to the individual would be insignificant compared to the current costs of maintaining and running a car. I have been told that annual re-testing of drivers is political suicide, but some may argue that politicians are replaceable, whereas our countryside and environment are not.

The environmental impact of increased fuel consumption at the higher average speeds would be offset by the reduction in consumption idling in traffic jams on the same journey.

Sarah Lees,
*Cockshoot Farm,*
*West Wycombe,*
*High Wycombe,*
*Bucks HP14 3AR*

## Mitterrand political review betrays 'intellectual laziness'

*From Dr Alistair Cole.*

Sir, Ian Davidson's review of my book, *Francois Mitterrand: a study in political leadership* ("English ennui and French polish", March 17), is misleading and dishonourable. His tone illustrates *mauvaise foi* and intellectual laziness.

He reproaches me for not writing a journalistic political biography. I state in the preface that this is not the objective of the book, which is primarily aimed at an academic audience. My book attempts to adopt a different approach which should be criticised on its own terms, not dismissed out of hand.

Davidson reveals a shaky grasp of French politics and a simplistic understanding of the events in question. He contends: "The simple truth is that the Socialist party factions, which he [Mitterrand] had originally created to divide and rule the party, automatically turned into feudal baronies fighting for the succession, once Mitterrand had been re-elected and was therefore a lame duck." This is rubbish. Socialist party factions existed long before Mitterrand had anything to do with the party. Of course "feudal baronies" disputed control of the PS once the *mitterrandiste* coalition began to disintegrate after Mitterrand's re-election. I make this point in several places.

A second blatant misrepresentation relates to the economic U-turn of March 1983. The objective reader will search in vain for my apparent explanation of this event as being primarily the cost of the nationalisation programme. The deficits engendered by the nationalisation programme were one contributory factor, nothing more, nothing less.

It is clear from the outset that Davidson has read the book in a cursory and impatient manner and has made no effort to address its arguments. He falsely contends that a chronological perspective is absent: that is the function of the first three chapters.

Alistair Cole,
*department of politics,*
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FINANCIAL TIMES

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Wednesday April 6 1994

# An agenda for tax reform

Today marks the start of the new tax year in the UK, with attention focused on the politics of extending value-added tax to domestic fuel and power. But the VAT rise is only one of a series of tax changes to raise revenue which comes into effect this year. Fiscal tinkering is back in vogue – and the tax system is becoming more complicated and less transparent as a result.

One symptom of this is the proliferation of taxes. In the November budget, Mr Kenneth Clarke introduced new taxes on insurance premiums and air travellers. These will eventually raise almost £1.2bn from activities previously outside the tax net.

It is all sadly reminiscent of the ingenious wheezes to raise revenue devised by Mr Harold Lever, chancellor of the Duchy of Lancaster in the last Labour government. These expedients were supposed to have been swept away by the Conservative tax reforms since 1979. When Lord Lawson was chancellor, he delighted in abolishing taxes such as the investment income surcharge and the national insurance surcharge. The creation of new taxes is a regrettable U-turn against simplification.

So, too, is the addition of extra rates of income tax. Chancellor Lawson's 1988 budget replaced the sliding scale of higher rates with a simple two-tier structure based on a 25 per cent basic rate and a 40 per cent higher rate. In 1992, chancellor Lamont introduced a third, lower rate of 20 per cent. This has already complicated tax matters, requiring pensioners and other low-income savers to reclaim some of the tax deducted from their investment income at the basic rate. Extra tax staff have been needed at the Inland Revenue to handle the complications.

Last year, the tax credit that comes with share dividends was reduced from the basic rate of 25 per cent to the 20 per cent lower rate. This saves the Treasury £1bn a year without adding to most people's tax bills. But higher-rate taxpayers now pay an extra £200m a year, since the additional tax collected from them has risen from 15 per cent of the gross dividend income to 20 per cent. The move is a concealed tax increase.

A further consequence has been to make it harder for basic-rate and higher-rate taxpayers to work out their liability to capital gains tax. Depending on the mix of dividends and capital gains, the marginal rate on gains can be 20 per cent, 25 per cent or 40 per cent. Without the expertise to calculate it, rational investment decisions cannot be made.

Finally, the start of the new tax year brings the restriction to 20 per cent of the tax relief available on some allowances. Mortgage interest tax relief and the married couple's allowance are affected, with the rate due to fall to 15 per cent next year. The gradual reduction in the rate of relief may be a prelude to the abolition of these allowances (welcome in the case of mortgage interest relief). But it requires complicated adjustments to the codes used by employers to operate pay-as-you-earn.

Increasing complexity and loss of transparency are objectionable enough after a decade in which the tax system became more open. But they undermine the government's plans to introduce self-assessment for some 8m taxpayers from 1996-97. This welcome move will encourage the self-employed and employees with complex tax affairs to calculate their own tax bills. It should eventually produce significant savings in Inland Revenue costs. But it cannot work if haphazard complications arise in the tax system.

There are many advantages in a broad-based and simple tax system. Chancellor Clarke needs to consider what sort of tax system he wishes to create and devise a strategy to achieve it. Once he has done this, he must then resist the temptation to tinker.

# Tough for Turks

Mrs Tansu Çiller's appointment as Turkey's prime minister in June 1993 appeared to herald a radical policy shift to correct structural flaws in the country's inflation-prone economy. In fact, by offering no more than palliatives during her first six months in office, Mrs Çiller greatly contributed to the economic crisis that erupted with the 12 per cent devaluation of the lira in January.

Yesterday, after a two-month lira slide and mounting public sector liquidity problems, Mrs Çiller finally faced reality with an extensive austerity package. This programme, including tax increases and closures of loss-making state enterprises, is tougher than expected. Yet it is the minimum necessary to subdue overheating and calm anxiety among foreign creditors. Turkey plans to enter a full-scale customs union with the European Union in 1995. If the country's generally efficient private sector is to hold its own against European competition, steps to reduce the rampant cost of the Turkish public sector are ineluctable.

Partly reflecting Mrs Çiller's refusal to take remedial action earlier, she is exposed to a difficult combination of circumstances. Her room for economic policy manoeuvre is constrained by the cost of mounting an internationally-criticised military clampdown against the Kurds.

Pushing through yesterday's programme will prove politically troublesome. Under strain as a result of the Islamic-based Refah party's gains in last week's municipal elections, Mrs Çiller is trying to coax the main opposition party Anap into an alliance with her governing True Path party to back reform and safeguard Turkey's future as a secular state. Anap has already warned, however, of "serious doubts" about the programme.

Even if the measures are implemented, they may have less effect than the government has suggested in reducing public sector borrowing, which last year was 16 per cent of gross domestic product. The official forecast for privatisation receipts appears excessively optimistic, while planned lay-offs at loss-making state-owned companies will generate extra social expenditure. Perhaps the biggest immediate economic problem is that the fresh lira slump set off by yesterday's abandonment of central bank support intervention will add to inflationary pressures.

If the Turkish authorities are serious about bringing down the 74 per cent inflation rate, they may have little choice but to engineer a full-scale recession. That would have large political and social costs in a country accustomed to high economic growth. Turkey is, however, fast running out of alternatives.

# Touts out

Ticket touts, along with gypsies, squatters and new age travellers, rank high in current Tory demonology. This seems odd, given their obvious social utility in matching supply and demand in markets which have been distorted by bureaucratic pricing. Yet touts at Wimbledon or Wembley can suffer a variety of indignities ranging from prosecution under local authority by-laws to arrest by the police for obstruction. Now the Department of Trade and Industry is proposing to introduce regulations under Section 26 of the Consumer Protection Act 1987 to crack down on ticket agencies selling tickets for theatre, concerts, sporting and other events.

It is not clear why, in dealing with these areas of the arts and leisure industries, the principle of caveat emptor should be cast aside in favour of intervention by the state. At many sporting events touts are simply jobbers operating in a competitive over-the-counter market. Their existence reflects the reluctance or inability of the organisers of sporting events to establish a more formal secondary market to permit the privileged insiders who initially receive the tickets to pass them on to others at close to their real economic value. People who are prepared to buy from touts usually know what risks they run.

In the case of ticket agencies the argument is less clear cut. The agencies are, in the main, selling tickets for performances – Cats, the Phantom of the Opera – that are booked out for months ahead. To the extent that foreign or out-of-town tourists might find it difficult to book so far in advance, they do provide a service. The snag is that they can be unforthcoming about the original price of the ticket and other details of what the customer is receiving for the premium paid. Many theatres remain unconvinced that the agencies' operations really extend the run of any given performance.

The merit of the DTI's proposals is that they are confined to requirements for disclosure of the original price and the details of seating, which will at least make for more transparency. Since the agencies are identifiable businesses, local authority trading standards departments should be able to follow up complaints. Yet the people arguably most in need of protection – foreign tourists – are the ones least likely to complain. It says something about the priorities of Mr Major's government that it thought this game worth the candle.

# Temptations along the eastern aisle

## Retailers are increasing investment in east Asia to take advantage of growing prosperity, says Guy de Jonquières

From a vast warehouse in a Singapore suburb, Mr John Deuchars, a burly, chain-smoking Australian, is plotting a small consumer revolution. In a few months, he aims to propel the country's retail distribution system, largely unchanged since British colonial days, into the information technology era.

"In terms of choice and display, stores here are as good as any in the world. But go to the delivery bay, and everything is completely antiquated," says Mr Deuchars, local manager of Davids Holdings, an Australian retail distribution group which recently formed a joint venture with NTUC/Fairprice, Singapore's biggest supermarket chain.

At present, NTUC/Fairprice's 52 stores are supplied by an irregular army of small wholesalers, which drop off odd lots of merchandise on average 150 times a day. Once the joint venture gets going, each store's orders will be placed and invoiced electronically, and delivered on one truck within 24 hours.

As well as reducing traffic congestion and paperwork, the system will enable NTUC/Fairprice to cut stock levels by 40 per cent, save costs equal to 4 percentage points of its profit margin, and sharpen retail price competition.

The venture is just one example of a wave of change sweeping through east Asia, as retailers scramble to meet the increasingly sophisticated demands of newly prosperous consumers – eager to buy products from deodorants and frozen food to luxury accessories and designer fashion brands.

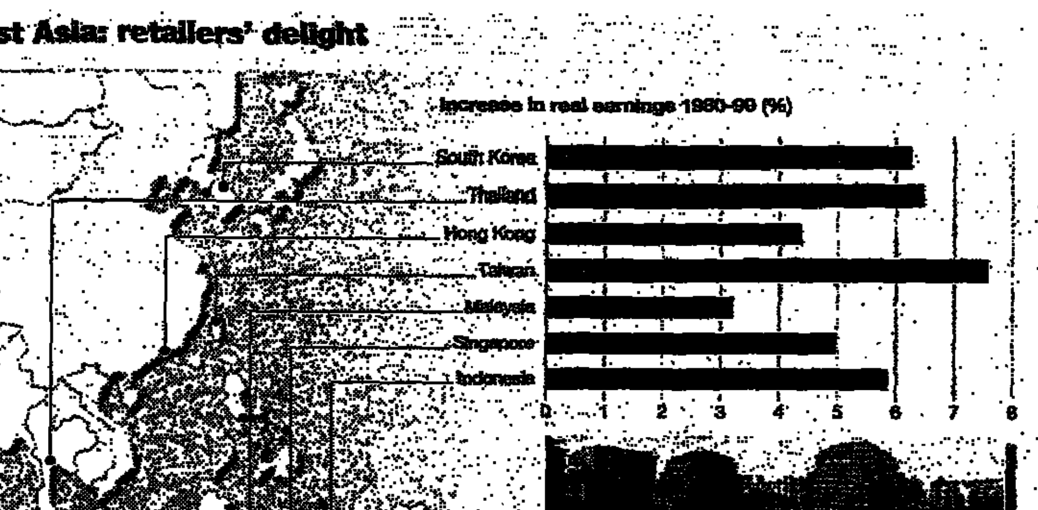
This is prompting a stampede across the region by leading retailers from around the world. They include Mitsukoshi, Takashimaya, Sogo and Yaohan of Japan, Carrefour of France, Makro of the Netherlands, Marks and Spencer of the UK, Sweden's Ikea, and Toys R Us and McDonald's of the US.

A possible indication of the growth to come is offered by Hong Kong – now Asia's richest economy after Japan – where the number of supermarkets has increased 40 times since 1970. In South Korea, there are 10 times more stores than in 1980, and retailing employs 28 per cent of the labour force, more than any other sector.

As economic growth bounds ahead, millions more people every year achieve the minimum annual income, roughly US$5,000 in most countries, needed to become active consumers rather than relying on barter. In China, potentially the biggest market of all, some forecasts suggest their numbers will more than treble this decade to 200m.

In most of Asia, the ratio of retail space to population is still well below western levels. However, it is rising rapidly in many cities as

**East Asia: retailers' delight**




Source: The East Asian Miracle, World Bank

Ngee Ann City, Singapore's largest shopping and office complex

store groups compete to woo customers with ever larger and more luxurious premises. In Kuala Lumpur, retail space is set to double between 1992 and 1997, and in Singapore to increase by 40 per cent in the three years to 1996.

Steeply rising land prices are adding impetus. Many local entrepreneurs have made fortunes by building shopping malls on a speculative basis and selling them to property or retail companies.

These trends are condemning small shops and street markets to a diminishing share of business. Nestlé, the Swiss food group, says sales to supermarkets grew from 20 per cent to 40 per cent of its total turnover in Malaysia during the 1980s.

There are signs, though, that in some cities exuberant expansion of retailing capacity is outstripping even Asian shoppers' propensity to consume. In Singapore, only one department store, the old-established Robinson's, reported a profit in the second half of last year. Many industry observers think a shake-out is imminent.

But fiercer competition is also encouraging further cross-border expansion by prompting locally owned chains to look abroad for new business. For instance, Parkson of Malaysia and C.K. Tang of Singapore, both department store chains, have recently moved into China.

Until recently, many Asian countries restricted investments by foreign retailers. These curbs are being relaxed or, in countries such as Indonesia, increasingly circumvented by new entrants with the apparent approval of the authorities. China has recently allowed foreign retailers to set up trial operations in larger cities.

But not every street in Asia is paved with gold. Mr Chris Nelson, head of Asian operations at Dairy Farm, the Hong Kong-based retailing group, says the first rule of success is to target selected population groups, not entire countries.

At first sight, Indonesia, with income per head of less than $800 a year, looks unpromising. Yet in Jakarta, the capital, where most of the spending power is concentrated, there are more people with a higher standard of living than in Portugal.

Yaohan, which operates 450 diverse retail outlets in 16 mostly Asian countries, has achieved $4bn annual sales partly by focusing heavily on overseas Chinese customers throughout the region. The company, which moved its headquarters from Japan to Hong Kong four years ago, aims to open 1,000 stores in China by 2010.

The second rule is to find a reliable local partner. In much of Asia, joint ventures are a legal requirement. But having an ally able to grease the wheels – and palms – is also essential to get things done in many countries.

Even then, pitfalls await the unwary newcomer. In most of Asia, distribution methods are primitive and depend, as in Singapore, on small wholesalers and middlemen, each of whom expects to take a cut.

Efforts to bypass or modernise the system can stir reprisals, not least from racketeers who often extort cash from distribution. One foreign retailer recently discovered this to its cost in Taiwan, where an over-zealous store manager narrowly survived an attack by axe-wielding gangsters.

In much of China, there are no wholesaling networks at all, and poor roads and scarce warehouse facilities make transportation a logistical nightmare. "It will take years for supermarkets to reach the whole country," says Mr Nelson of Dairy Farm.

As well as keeping costs high, Asian distribution systems give manufacturers far greater power over retailers than in most western countries. In Thailand, some manufacturers refuse to supply supermarkets with their most popular brands unless they stock poorly selling ones as well.

Another widespread problem is the shortage of skilled labour, particularly of managers. Before opening a big department store in Singapore last year, Takashimaya of Japan recruited and trained 400 local sales staff. But as soon as their training was complete, 100 left for jobs elsewhere.

In addition, retailers must adapt their wares to local tastes and demand. This can be taxing in a region where market research is often rudimentary.

Some local peculiarities are immediately obvious. In Malaysia, where 60 per cent of the population is Moslem, supermarkets must invest in special facilities for treating and storing food in accordance with religious standards. In northern China, consumers are willing to spend more on smart clothing than in southern provinces, where good food is the top priority.

Other nuances are more subtle. Polarisation of incomes between a small minority of rich people and a great mass of poor ones can make it hard for retailers specialising in catering to the middle market to carve out a niche.

One such retailer, Marks and Spencer, is still striving after several attempts to make its formula work in Kuala Lumpur. But it has cracked the problem in Hong Kong where, it says, its Kowloon store is enjoying good sales growth and making satisfactory profits selling clothing – 80 per cent of it made in the UK.

Hong Kong, however, is unusual in having almost no import barriers. In other countries, heavy duties can destroy the advantage of retailers which depend heavily on selling imported goods. Such trade protection can also inhibit the development of discount operations.

Mr Colin Buchanan, Marks and Spencer's director of Far East retailing, warns that overseas expansion involves "pain and problems". However, the potential rewards are so big that retailers seem certain to continue crowding into the region. As Mr Nelson of Dairy Farm puts it: "Where else in the world are so many new consumers entering the market all the time?"

# Rethink of the regulator's role

PERSONAL VIEW

Privatised industries representing some 20 per cent of UK gross domestic product are now subject to regulatory regimes. It is important that they are well regulated in the interests of customers and to ensure the long-term health of the industries themselves.

In deciding how this might best be done, we started in typical British fashion by defining what we didn't want – the US system.

There, each state has its own multi-member regulatory commission that deals with several businesses – electricity, gas, water etc – setting prices according to the required rate of return. The method is legalistic but with opportunity for public participation. Regulatory decisions are frequently appealed to the courts. In practice, the US system is burdensome, does little to encourage efficiency, and tends to promote central planning at the expense of enterprise.

In contrast, the British regulatory system is meant to be light, muscular and unbureaucratic. The primary duty of the regulator is to promote competition. For monopolies, price-capping is preferred to rate-of-return regulation, with price increases restricted to less than the rate of inflation (RPI-x).

Each industry is regulated separately. A single regulator replaces the tribunal in the search for a speedy, unbureaucratic process. There are no public hearings. The regulators work behind closed doors, they do not have to justify their decisions, and appeals against them are discouraged. The industry has to acquiesce or accept a full Monopolies and Mergers Commissions review.

Were we right to depart from the American way? I believe we are – particularly in the fundamental emphasis the UK places on putting the creation of competitive markets ahead of the restraint of monopoly.

The evidence of the privatised electricity industry is compelling in that the creation of a competitive environment with open access to the market has been instrumental in shaking up management, slicing out costs, and reducing prices.

Nevertheless, the British regulatory system could learn something from the Americans. There are six areas where improvements could be made.

First, we need to define more precisely the role of regulation. The founding statutes give little guidance as to its objectives. Regulators are instructed to "promote competition". But to what extent? For example, are the regulators there to create a lot of players with pre-determined small market shares, or alternatively to create the market conditions to allow competition to flourish?

**Consideration should be given to bringing the various regulators together into a common organisation**

Second, regulators should publish their "strategic plan" for regulating the industries under their jurisdiction. Where management of a regulated business knows its regulator's objectives in some detail, it can plan accordingly.

Third, the regulatory process should be more open to scrutiny. Currently, it is not very clear how or why each regulator views evidence, weighs the arguments, or comes to decisions. Some public hearings are necessary, and regulators' work would benefit from public examination. Quick appeals procedures, such as an ad hoc panel of the MMC, would enable the regulator and regulated to test each other's arguments.

Fourth, replace the single regulator with a tribunal of three or five members to remove the "cult of personality" from the discussions between the regulator and the regulated.

This would discourage newspapers from adopting a "league-table" approach to regulation: who has the most brownie points for being the toughest regulator. More important, it might make the job more do-able, rather than leaving a single person to regulate large and complex industries. A small tribunal could bring diversified experience to bear.

Fifth, bring the various regulators together into a common organisation to enable the quality of support staff to be raised and to transfer experience between industries. Common issues, such as the cost of capital or the treatment of external costs like environmental impacts, could be more readily addressed.

Sixth, much more work needs to be done on the impact that the regulators are having on the investment, efficiency, and quality of service of the industries. Are regulators achieving their goals? Are prices lower, efficiency higher and customers better off than they might otherwise have been?

It is time to move away from chatter about the personality of the regulators to concern about what their objectives really should be and the impact they are having. Simple faith in such tools as RPI-x is not an adequate regulatory formula.

**John Baker**

*The author is chief executive, National Power*

# OBSERVER

## Midland shanghaied

■ If the dear old Midland Bank goes off the rails again, blame the new owners, HSBC Holdings. Yesterday Midland Bank's new chairman, HSBC chieftain Sir Willie Purves, and Midland's new chief executive, HSBC's Keith Whitson, celebrated their first day in office by removing almost the last traces of the *ancien régime* and moving more of their own men into positions of power.

Out goes Chris Wathen, Midland's managing director of branch banking and one of the great white hopes of previous Midland managements, and in comes a new deputy chief executive Richard Orgill, who used to run HSBC's Australian operations. Barry Hine, another HSBC man, takes over as head of human resources, and Bert McPhee, HSBC's group risk controller, takes charge of Midland's credit and risk. About the only Midland man to gain from the reshuffle is Chris Thom, the network support director, upgraded to general manager retail.

The changes must be particularly galling for Wathen, a career Midland banker, who played a key role in helping Midland get into bed with HSBC. They will also put an end to any suggestion that Midland "merged" with HSBC.

It was taken over by an autocratic outfit which is out to prove that it can run a UK clearing bank better than anybody else. We shall see.

## Spellbound

■ Spotted in the car park of one of London's posher educational establishments: a minibus with Dulwich College painted on one side and Dulwhich College painted on the other.

So much for private education.

## Who is Silvio?

■ Silvio is obviously a man to watch. No, not Berlusconi, but the Brazilian Silvio Santos, who, like his Italian namesake, hopes to realise his political ambitions. Apart from the lack of a football club, the two are remarkably alike.

The Brazilian version comes from a poor family and has built up one of the country's newest and most dynamic TV companies, SBT, now second only to Brazil's mighty Globo in terms of viewer figures. This success owed a great deal to sensationalist programming, such as investigations of gory murders and suicides. But Santos remains a star attraction, hosting a marathon Sunday night game show in which one of his catch phrases is "Who wants money?" as he throws Cr5,000 ($5) bills into the largely female audience.

Despite Santos' ambitions, and his likely appeal among the


'The Germans would have got the hotel booking right'

country's many poor, polls show that he is getting less than 5 per cent of voting intentions for October's presidential elections. If he cannot persuade more viewers that he is a serious politician as well as a cash dispenser, he may just have to lower his ambitions and run for Congress instead.

## Sales update

■ Here's one for the pension buffs – a one-day conference on personal pensions scheduled for June 1. Although star billing is being given to Securities and Investments Board chief executive John Young, the *cognoscenti* will be more interested in the man from the Norwich Union, the insurance giant which announced last week that it was taking its entire life and pensions salesforce off the road for a month for retraining.

Make way please for Norwich Union's Malcolm Small who will address the nation on "Measures required to improve standards and prevent future abuse – the life office perspective".

## Grounded

■ What hope is there for London City Airport? To make sure that it's getting information about the airport and its destinations to the right people it is engaging in what it calls some "simple lifestyle research". Regular travellers are being asked which magazines they usually read. Males are requested to tick the following boxes, Economist, Investors Chronicle, Director and GQ. Females are limited to Executive PA, Office Secretary, Marie-Claire and Cosmopolitan...

## Waiting game

■ With Glenys Kinnock preparing for a famous victory in her rock-solid Labour Euro constituency, husband Neil waits patiently (if only he could do the same on motorways) to see if he might join her on the gravy train.

With a Labour replacement for Bruce Millan as a European Commissioner due in January, a decision on his successor will have to be made soon by John Major. Kinnock's name went forward for the £140,000 a year job after the 1992 general election but Major dropped the idea as quickly as "back to basics" when his MPs threatened to explode.

John Smith, however, appears intent upon submitting the former Labour leader's name yet again, though Major is not bound to accept it. If he does, the prime minister can count on another row, first for having again changed his European mind and secondly for taunting his Euro-sceptics with the appointment of a man whose rabid enthusiasm for the European dream bears all the hallmarks of a late convert.

At least the Tory Eurofanatics should have little to complain about, other than their conviction that Kinnock is a Johnny-cum-lately who would be hell-bent on stirring up trouble for the Tories in Europe. That, of course, remains the prerogative of the Tory party.

## Damned if I do

■ Word reaches Observer of a new cocktail, nicknamed the Pergau Dam. Despite consisting mainly of water with a dash of Younger's bitter, it has a powerful kick and is very expensive. Best to keep your head down while imbibing...

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# Hosokawa wrestles with his own version of Whitewater

## Clean reputation of PM is hurt, writes **William Dawkins**

Japan's prime minister Morihiro Hosokawa was wrestling yesterday with a Japanese version of the Whitewater affair which is currently plaguing US president Bill Clinton.

*Yet Tokyo's Whitewater*, inspired by financial deals done long before Mr Hosokawa took office, is becoming more than mere froth whipped up by the press and has undermined the prime minister's relatively clean reputation.

*A newly aggressive Liberal* Democratic party opposition has seized on allegations that Mr Hosokawa failed to repay a Y100m ($925,900) loan from Sagawa Kyubin, a disgraced parcel delivery company. The affair is more than a year old, but the LDP has been *unearthing* allegations about shady share purchases, prompting coalition officials to warn that it could precipitate Mr Hosokawa's resignation or even herald the end of the divided seven-month old government.

*The LDP has not yet risked* calling a parliamentary vote of no confidence, but instead has blocked, for the past month, debate in the Diet, the Japanese parliament, on the annual budget, until Mr Hosokawa disproves the allegations.

He has signally failed to produce a robust Clinton-type rebuff. Mr Hosokawa has so far refused LDP demands to ask his former aide, who handled his financial *affairs, to testify in parliament* and has been unable to produce receipts showing he repaid the Y100m. As a result, Mr Hosokawa's denials of wrongdoing *have* failed to convince more than four-fifths of the electorate, according to a recent poll by the *Nihon Keizai Shimbun financial* newspaper.

The plot thickened yesterday when an investment consultant claimed he had received a Y10m *"consulting fee"* from the aide to keep quiet about a purchase of shares on Mr Hosokawa's behalf in the privatised NTT *telecom*munications company. Mr Hosokawa said he did not know about

Surplus shows rise ......Page 4

this.

*Mr* Hosokawa's alleged irregularities are venial by the spectacular standards of previous Japanese political scandals. Yet senior members of the seven-*party coalition* have aired the prospect of a cabinet resignation. "There may be no other choice," warned a senior member of the Social Democratic party the largest and most rebellious coalition member.

Just how far the LDP wants to go is unclear, but the hunt is said by its own senior officials to be the one project on which its divided factions agree. The LDP knows from its own sore experi*ence how effective holding* the budget hostage can be.

Only five years ago, the LDP prime minister, Mr Noboru Takeshita, was obliged to resign after the opposition of the time, led by the SDP, blocked the 1989-1990 budget to force him to disclose *information about the* Recruit shares-for-favours scandal.

This battle comes at a time when the Japanese leader's popularity is already waning. Voters' early hopes for a change in style and substance from the first non-LDP government in nearly 40 years *have* begun to *fade*. Mr Hosokawa's personal credibility has at the same time run into a barrage of blows, of which Sagawa Kyubin is only the latest.

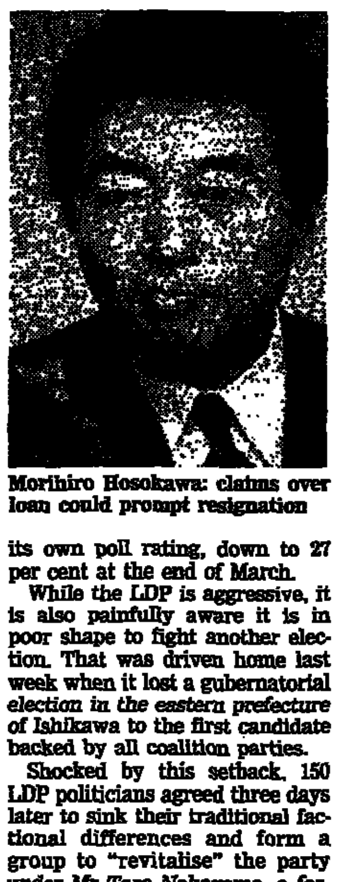
*However, this* setback is especially dangerous because it threatens the prime minister's main electoral asset; his image as an honest dealer able to break with the corrupt politics of the LDP era. So it is no surprise that Mr Hosokawa's popularity has *plunged, to 47.6 per cent late last* month from a record high of 70 per cent when he took power last August, according to the Nihon Keizai Shimbun poll.

Yet Mr Hosokawa's ability to ride through rough patches has surprised even his own supporters, so he cannot be written off yet. Even now, he is still far more popular than was Mr Takeshita when he faced a similar problem at the end of his administration in 1989, or the LDP now. For the opposition's budget-blocking tactics have aroused enough public distaste to shave one point from its own poll rating, down to 27 per cent at the end of March.

While the LDP is aggressive, it is also painfully aware it is in poor shape to fight another election. That was driven home last week when it lost a gubernatorial *election in the eastern prefecture* of Ishikawa to the first candidate backed by all coalition parties.

Shocked by this setback, 150 LDP politicians agreed three days later to sink their traditional factional differences and form a group to "revitalise" the party under Mr Taro Nakayama, a former foreign minister.

Mr Hosokawa, meanwhile, is said to have sunk into gloom, and begun to spend an increasing amount of time on his own. *It* is anybody's guess when his patience, or that of his supporters, will run out.



Morihiro Hosokawa: claims over loan could prompt resignation

# THE LEX COLUMN

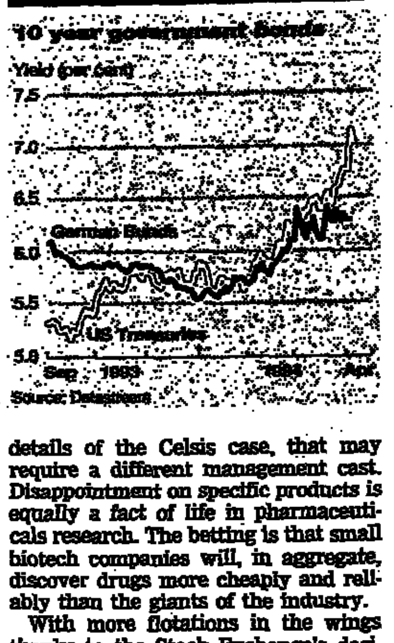
## Clearing the tunnel

The *merchant bankers busy glueing* Eurotunnel's rights issue prospectus together will be mightily relieved at *the settlement of the dispute* with Transmanche Link. The outbreak of peace removes the last big obstacle blocking Eurotunnel's fund-raising. All outstanding legal claims are at least being made by Eurotunnel rather than being pursued *against* it, which will simplify the contingent liabilities clause.

To that extent, it was fair enough for Eurotunnel to claim a victory. The unanswered question is whether substantially the same deal could have been struck many months ago. The contractors always appeared ready to settle for far less than their inflated headline claim. For their part, they must be delighted they are being paid in hard cash rather than the paper that was previously mooted. Swiss Bank Corporation will limit their underwriting exposure. It is a fair bet that many will eventually be able to release some of their accumulated provisions.

Despite the settlement, Eurotunnel shareholders are fretting about the slippage in the opening programme and the consequent rise in the funding *requirement. Eurotunnel's units fell 2* per cent in London as it became apparent that significantly more than the originally-planned £500m of new equity will be needed – although the proposed increase in authorised shares is largely a technicality, which is not as worrying as it might appear. There seems little doubt that Eurotunnel will eventually make a lot of money for someone. Shareholders face hefty demands for money first.

FT-SE Index: 3116.2 (+29.8)




### Biotechnology

It is tempting to see the abrupt departure of Celsis's chief executive, less than a year after flotation, as *another set-back for the UK's budding* biotechnology sector. The market has already been treated to a profits warning from Drew Scientific only six months after its debut as a public company. The unpredictable nature of the business certainly calls for a wide spread of investments. There is thus a strong logic behind vehicles such as Rothschild's planned biotechnology investment trust.

Yet seasoned investors will take such nasty surprises in their stride. *Biotechnology companies will increas*ingly be judged on their ability to strike deals with larger rivals in marketing or development. Whatever the details of the Celsis case, that may require a different management cast. Disappointment on specific products is equally a *fact* of life in pharmaceuticals research. The betting is that small biotech companies will, in aggregate, discover drugs more cheaply and reliably than the giants of the industry.

With more flotations in the wings thanks to the Stock Exchange's decision to relax its listing requirements – and a total equity funding requirement of perhaps £1bn over the next three years – investors are spoilt for choice. The US biotechnology sector will need an additional $15bn-$20bn funding before the products now under development come to fruition. That points to fearsome competition for funds. If UK companies are to capture a slice of the action, they will have to learn to present a very polished public face.

### Germany

On the surface, it looks as though the great bond market decoupling has finally started. In late March, 10-year German and US government bonds were virtually neck-and-neck in yield terms, but German issues escaped the steep falls suffered by the US market after last week's jobs data. Now they yield some 80 basis points less than their US equivalents. At the short end of the curve, decoupling is clearly under way. The Bundesbank has cut its money market repurchase rate by 24 basis points since the start of March, showing that German rates *can fall while those in the US rise*. This is not difficult when the repurchase rate is still above its US counterpart. How far the process will flow through into longer maturities is another matter.

For German bunds to trade consis*tently* at a lower yield than US Treasuries requires an expectation that the D-Mark will strengthen against the *dollar. Despite yesterday's advance,* the dollar is still lower than it was when the Federal Reserve started tightening in February. But the consensus expectation remains for it to rise, and that is what counts.

Nor are domestic German buyers returning to the bond market in force. Perhaps they are *waiting for further* Bundesbank rate cuts, which could also be hastened by a weaker dollar; perhaps tax worries limit the attractions even of a 6.3 per cent yield. *Whatever the cause,* it is hard to believe the German market is suddenly free of transatlantic influence.

### Lasmo

Lasmo is an acquisitive company. It ambitiously acquired Ultramar. Now, *in little more than 12 months, it has* acquired a new chief executive, finance director, and finally yesterday, a new chairman. Such extensive bloodletting was the price demanded *in the wake of the Ultramar deal.* Perhaps the appointment of Mr Rudolf Agnew as chairman also hints that the company needs an old hand to rebuild goodwill with the institutions. Whether he can warm relations sufficiently for Lasmo to get a rights issue away is, however, an open question.

*It is also far from clear that* fresh equity would help matters much. Further write-downs of expensively acquired assets will be needed if the crude oil price remains low. That *would certainly tear large* holes in an already moth-eaten balance sheet. But the company's gross cash flows are sufficient to meet current interest payments. This is hardly the time to spend on exploration, and Lasmo's record is patchy. Unless banking covenants based on net assets are likely to be breached there is little incentive to cough up funds to pay off some banks. Shareholders would simply have more money staked on a slightly less leveraged oil price bet.

*Lasmo's central problem is* that it paid for expensive oil reserves and now the price is on the slide. Many of the corrective measures now being taken are necessary, but are probably *not in themselves sufficient*. The oil price will determine Lasmo's future, and shareholders have plenty invested in that hope already.

# Dutch toy workers protest in UK

By David Goodhart, Labour Editor, in London

Closing a plant in the Netherlands can be a notoriously complex and expensive process, but it does not normally involve all employees travelling abroad *to demonstrate*.

Yesterday morning all 162 employees of the Hasbro toy factory in Ter Apel in the Netherlands arrived at the doors of the *Hasbro International headquar*ters in Stockley Park, near London, to stage an orderly protest.

The world's biggest toy company knew the visit was planned *and had earlier turned down* employee requests for a meeting with Mr Norman Walker, president of Hasbro International.

But when the Hasbro executives saw the Dutch workers – mainly members of the CNV general union and the FNV print union – shivering outside, their hearts melted.

"Some of them looked as if *they were suffering from hypo*thermia so we invited them in for coffee and sandwiches", said Mr Peter Waterman, a spokesman for the company.

*Once inside, they also met* Mr Walker who explained that he could not discuss the proposed closure until the Ter Apel employee works council had pro*duced its alternative plan, with* the help of consultants whom the company has to pay for.

The Dutch employees of the nearly $3bn (£2bn) turnover toy and games company feel aggrieved that Ter Apel has been selected for closure despite its being, on Hasbro's own admission, a modern, *efficient* and profitable plant. The trouble is, says *Hasbro, that* worldwide over-capacity requires the closure of one of its three European plants and the Dutch plant is smaller than those in Spain and Ireland and it *also is not equipped to produce* both games and toys.

"As a publicly quoted company on the New York and London stock exchanges, the company *has an international responsibil*ity to run its business in the most cost effective and viable *way possible," said a press* release from Hasbro.

If this is the modern face of European industrial relations, it certainly seems civilised. The Dutchmen and women chartered a Boeing 737-300 to fly from Eelde to Luton on a public holiday but Mr Waterman *said that the com*pany would have given them a day off to protest anyway.

The protest itself will change nothing but the 162 jobs may *nonetheless be "locked in"* by Dutch employment legislation. If no agreement is reached between the company and its employees on the alternative plan, the issue *will go to a local labour court* where a judge may require Hasbro to keep the plant open.

# Israeli shift from Gaza

Continued from Page 1

"We hope to transfer control to Palestinians so the army can go back to doing the job and the training of an army and not that of a military police," said Col Meir Ben-Yishai, commander of southern Gaza.

"We really hope this peace process will do good for the people in the towns and refugee camps and that they will start to live as free men, not occupied – as human beings," he said.

Palestinians watched the withdrawal yesterday with a mixture of impatience and hostility.

In Jericho, Palestinian schoolchildren *tossed stones* and bottles at Israeli policemen trying to finish the evacuation of the police station and paint it before handing it over.

# Berlusconi suspends talks

Continued from Page 1

– Mr Gianni Letta, a senior executive of Fininvest, his media and publishing group – to a meeting last week between the League and Forza Italia. Mr Bossi had snubbed Mr Berlusconi by not attending that meeting.

Italy is in a constitutional limbo at the moment, which *has* unsettled financial markets and exacerbated the ideological and personal differences among the leaders of the victorious parties.

Officially, talks among the parties do not have to begin until Mr Scalfaro has chosen someone to form a government.

Mr Berlusconi's new tactic could calm the situation, but it could also put pressure on Mr *Bossi to apologise for his* outspoken attacks.

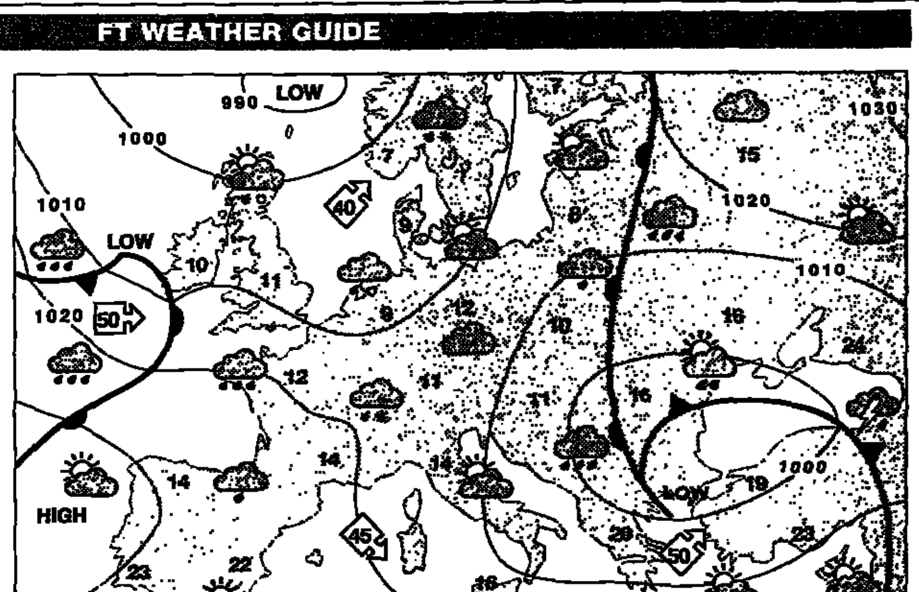
## FT WEATHER GUIDE

### Europe today

Southern Spain and Portugal will have plenty of sun. The Benelux, France, Germany and the Alps will have sunny periods and showers accompanied by hail and thunder. Snow will fall on higher ground. A low pressure system developing south-west of Ireland will give afternoon rain over Ireland, Wales and south-west England. Scotland will have showers. Another low pressure system will cause showers over the Balkans. Poland and western Russia will be cloudy and rainy. Northern and central Italy will have sunshine although scattered showers will develop in the south.

### Five-day forecast

It will remain unsettled and cool. A lot of rain is expected over the Benelux and France on Thursday, while the UK will have blustery April showers. All western Europe will be *windy and showery on Friday and Saturday*. The Balkans will also remain showery. Eastern Europe will have little or no sunshine and periods of rain. Southern Spain will have the fairest conditions with afternoon temperatures well above 20C.




*Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands*

**TODAY'S TEMPERATURES**

| | | Maximum Celsius |
|---|---|---|
| Abu Dhabi | fair | 30 |
| Accra | fair | 32 |
| Algiers | fair | 20 |
| Amsterdam | hail | 9 |
| Athens | shower | 20 |
| B. Aires | shower | 20 |
| B.ham | shower | 11 |
| Bangkok | fair | 37 |
| Barcelona | fair | 17 |
| Beijing | fair | 23 |
| Belfast | cloudy | 10 |
| Belgrade | rain | 6 |
| Berlin | fair | 13 |
| Bermuda | thund | 22 |
| Bogota | fair | 20 |
| Bombay | sun | 32 |
| Brussels | shower | 10 |
| Budapest | rain | 9 |
| C.hagen | fair | 8 |
| Cairo | sun | 27 |
| Cape Town | fair | 26 |
| Caracas | fair | 26 |
| Cardiff | rain | 11 |
| Chicago | sleet | 2 |
| Cologne | thund | 9 |
| D' Salaam | thund | 30 |
| Dakar | sun | 26 |
| Dallas | sun | 16 |
| Delhi | fair | 34 |
| Dubai | fair | 30 |
| Dublin | rain | 10 |
| Dubrovnik | shower | 14 |
| Edinburgh | fair | 10 |
| Faro | sun | 22 |
| Frankfurt | shower | 10 |
| Geneva | shower | 7 |
| Gibraltar | sun | 21 |
| Glasgow | hail | 10 |
| Hamburg | hail | 10 |
| Helsinki | fair | 9 |
| Hong Kong | fair | 27 |
| Honolulu | shower | 27 |
| Istanbul | shower | 19 |
| Jersey | fair | 11 |
| Karachi | fair | 30 |
| Kuwait | sun | 31 |
| L. Angeles | fair | 21 |
| Las Palmas | fair | 22 |
| Lima | fair | 26 |
| Lisbon | sun | 20 |
| London | fair | 12 |
| Lux.bourg | sleet | 7 |
| Lyon | shower | 11 |
| Madeira | fair | 19 |
| Madrid | fair | 19 |
| Majorca | fair | 18 |
| Malta | fair | 16 |
| Manchester | cloudy | 11 |
| Manila | shower | 33 |
| Melbourne | cloudy | 19 |
| Mexico City | shower | 24 |
| Miami | fair | 31 |
| Milan | fair | 17 |
| Montreal | sleet | 2 |
| Moscow | cloudy | 15 |
| Munich | fair | 10 |
| Nairobi | fair | 27 |
| Naples | shower | 15 |
| Nassau | fair | 29 |
| New York | rain | 15 |
| Nice | windy | 14 |
| Nicosia | fair | 24 |
| Oslo | shower | 7 |
| Paris | thund | 15 |
| Perth | sun | 28 |
| Prague | cloudy | 12 |
| Rangoon | sun | 35 |
| Reykjavik | fair | 1 |
| Rio | fair | 27 |
| Riyadh | sun | 29 |
| Rome | fair | 14 |
| S. Frsco | fair | 17 |
| Seoul | fair | 22 |
| Singapore | cloudy | 32 |
| Stockholm | fair | 9 |
| Strasbourg | hail | 10 |
| Sydney | fair | 25 |
| Tangier | fair | 18 |
| Tel Aviv | cloudy | 25 |
| Tokyo | fair | 23 |
| Toronto | sleet | 2 |
| Tunis | fair | 16 |
| Vancouver | rain | 13 |
| Venice | fair | 14 |
| Vienna | cloudy | 13 |
| Warsaw | cloudy | 10 |
| Washington | shower | 20 |
| Wellington | fair | 16 |
| Winnipeg | sun | 5 |
| Zurich | fair | 8 |

FINANCIAL TIMES
# COMPANIES & MARKETS
Wednesday April 6 1994





## IN BRIEF

### Nippon Life lifts Lehman stake

Nippon Life, the Japanese insurer, is to lift its stake in Lehman Brothers to 12.2 per cent in a deal which values the US investment bank at $2.7bn. The investment will cement Nippon's position as Lehman's biggest shareholder, with two seats on the company's restructured nine-strong board. Page 20

**Novell names new chief executive**
Novell, the computer networking software company which last month announced plans to acquire Wordperfect, another software company, has selected Mr Robert Frankenberg, a Hewlett-Packard senior executive to succeed Mr Raymond Noorda as chief executive. The appointment of Mr Frankenberg is expected to relieve concerns about management succession at Novell.

**Insurance interest for Crédit Lyonnais**
Crédit Lyonnais, the troubled French bank, hopes to expand its insurance interests by forging a strategic alliance with Assurances Générales de France (AGF), the insurance group, according to Mr Jean Peyrelevade, chairman. Page 20

**Brazilian powerhouse chases funds**
The state of Sao Paulo, Brazil's industrial powerhouse, is rushing to raise funds on local and international capital markets. Page 21

**India plans share crackdown**
The Indian government is planning to clamp down on foreign companies buying shares in their stock exchange-listed Indian subsidiaries at a fraction of market prices. Page 22

**IBC reports steady increase**
International Business Communications (Holdings), the newsletter publishing, conference and electronic data services group, reported a solid increase in underlying operating profits. Page 24

**British Land completes property transfer**
British Land, the property company, and Quantum UK Realty Fund, which is managed by Mr George Soros, the financier, have completed the transfer of 17 properties into their jointly-owned British Land Quantum Property Fund. Page 25

**Courtaulds kicks off venture**
Courtaulds, the UK chemicals group, is to take a 72.5 per cent stake in the viscose and acrylic fibres joint venture with Hoechst, the German chemicals giant, announced last May. Page 25

**Slow burn for tobacco auction**

Zimbabwe's flue-cured tobacco auction season opens today and growers and buyers are predicting a cautious start to the sales after last year's shocks, when growers could hardly believe how little was paid for good quality tobacco. Page 28

**Sigh of relief for equities**
The mini-crashes in equity markets which were forecast over the Easter weekend failed to transpire yesterday. Back Page

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**Chief price changes yesterday**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **FRANKFURT (DM)** | | | | **PARIS (FFr)** | | | |
| Rises | | | | Rises | | | |
| Bayer | 381.8 | + | 8.5 | Casino | 174.8 | + | 7.9 |
| Hoechst | 329 | + | 5.3 | Credit Nat | 631 | + | 21 |
| Metallgesellschaft | 224.8 | + | 16.8 | L'Oreal | 1215 | + | 42 |
| Falls | | | | Seb SA | 540 | + | 19 |
| [illegible] | 479 | - | 15 | Falls | | | |
| [illegible] | 878 | - | 22 | [illegible] | 581 | - | 19 |
| [illegible] | 360 | - | 10 | [illegible] | 2380 | - | 105 |
| **NEW YORK ($)** | | | | **TOKYO (Yen)** | | | |
| Rises | | | | Rises | | | |
| Chrysler | 53¾ | + | 2 | Dai Nippon Ink | 407 | + | 21 |
| Ford | 60⅛ | + | 1⅛ | [illegible] | 590 | + | 61 |
| Gen Motors | 57¼ | + | 2¼ | Nippon Light Metal | 641 | + | 42 |
| Microsoft | 87¼ | + | 3½ | [illegible] | 474 | + | 33 |
| Vodafone | 79¼ | + | 3½ | [illegible] | 488 | + | 32 |
| Falls | | | | Sumitomo Chem | 616 | + | 38 |
| Wal Mart | 38⅝ | - | 2 | Falls | | | |
| New York prices at 12.30. | | | | | | | |
| **LONDON (Pence)** | | | | | | | |
| Rises | | | | | | | |
| [illegible] | 472 | + | 14 | Vodafone | 538 | + | 20 |
| [illegible] | 257 | + | 11 | [illegible] | 198 | + | 11 |
| [illegible] | 844 | + | 24 | Falls | | | |
| [illegible] | 163 | + | 16 | [illegible] | 54 | - | 5 |
| [illegible] | 162 | + | 17 | [illegible] | [illegible] | - | 2 |
| [illegible] | 207 | + | 21 | [illegible] | 55 | - | 5 |
| [illegible] | 272 | + | 11 | [illegible] | 705 | - | 25 |
| [illegible] | 713 | + | 20 | [illegible] | 75 | - | 4 |
| [illegible] | 72 | + | 17 | [illegible] | 375 | - | 20 |
| [illegible] | 566 | + | 10 | [illegible] | 134 | - | 11 |
| [illegible] | 245 | + | 10 | [illegible] | 75 | - | 12 |
| [illegible] | 165 | + | 6 | [illegible] | 350 | - | 18 |
| [illegible] | 343 | + | 13 | | | | |

# Suez returns to FFr1.6bn profit

By Alice Rawsthorn in Paris

Suez, one of France's largest industrial and financial holding companies, yesterday confirmed that it returned to the black in 1993 with a net profit of FFr1.57bn ($270m), against a net loss of FFr1.87bn in the previous year.

The group, which in 1992 fell into the red for the first time in its 135-year history because of the financial pressures on its banking and property interests, said that it expected to continue its recovery this year. The board proposed freezing the dividend at FFr8.20 a share for 1993.

However, Suez's return to profit concealed a widely varying performance across the group. Société Générale de Belgique, the Belgian holding company, fared well, as did Indosuez, the group's principal investment banking subsidiary, and Victoire, its insurance business.

The strong performance of these subsidiaries enabled Suez to produce an operating profit of FFr1.61bn in 1993, against an operating loss of FFr610m.

Despite the improvement in its business activities Suez continued to suffer from the weakness of the French property market. The property squeeze forced it to make further hefty provisions on the fall in value of its commercial property interests.

Suez also faced additional problems within its banking businesses. The board yesterday authorised the recapitalisation of Crédisuez, a financial subsidiary, in a FFr2bn restructuring package. This deal also involved Compagnie de Suez, another subsidiary, paying FFr1bn to purchase some of Crédisuez's investments.

Suez managed to compensate for the negative impact of its high provisions by making substantial gains from asset sales. Exceptional profits amounted to FFr4.35bn in 1993, a sharp increase from the previous year's FFr1.64bn. Substantial deals included last autumn's disposal of Victoire's controlling interest in Colonia, the German insurer, to Union des Assurances de Paris (UAP), the French insurance group.

The Colonia deal, whereby Suez took full control of Victoire by taking over UAP's old minority holding, has also cleared the way for the sale of Victoire. So far, however, Suez has not succeeded in finding a buyer. BAT Industries, the UK conglomerate, recently issued a formal denial that it planned to acquire Victoire.

Suez, still burdened with heavy debts despite its recent disposals, hopes to make other asset sales this year.

The group said yesterday that it did not expect to suffer so badly from the property crisis. Similarly it anticipated a further improvement from its banking businesses – Sofinco and Générale de Banque as well as Indosuez – and another strong performance from Société Générale de Belgique.

# Eurotunnel settles dispute with TML

By Charles Batchelor, Transport Correspondent, and John Ridding in Paris

Eurotunnel, the company which will operate train services through the Channel tunnel, has settled a long-running dispute with the construction consortium, clearing the way for a rights issue of up to £750m ($1.1bn).

Eurotunnel said yesterday it had agreed to pay an additional £70m-£85m to Transmanche Link (TML), the Anglo-French consortium. This brings the total it has paid TML to £1.14bn, nearly twice the £620m original contract price. The amount is, however, considerably less than the £1.95bn the contractors had been seeking.

The ensuing Eurotunnel rights issue, planned for mid-May, may raise up to £750m, it emerged yesterday. It was originally intended to bring in £500m alongside a similar amount of debt.

The agreement, reached on Friday, settles the final claim outstanding against Eurotunnel, although it still has a £1bn claim against the British and French railways. The settlement covers the tunnel's fixed equipment but not rolling stock deliveries.

As part of the deal, TML has agreed, with the help of Swiss Bank Corporation, to underwrite £75m of shares.

The size of the equity issue will depend on the extent of the delay in the opening of the tunnel; how much the banks will lend; and the exact payment made to the contractors, which is related to Eurotunnel's share price after the rights issue.

Sir Alastair Morton, Eurotunnel co-chairman, described the deal as "quite a victory" for the company's shareholders. Eurotunnel might have held out for a lower settlement "but when you are coming up to a rights issue, a claim is worth avoiding".

Mr Neville Simms, chief executive of Tarmac and leading UK negotiator on behalf of TML, said: "We have found a line down the middle which both sets of shareholders should be happy with."

Mr Simms said the impact of the deal on provisions made by the contractors would take more than a year to come through. No extra provisions would be needed.

An executive at one of the French consortium members said: "It had to be a compromise agreement, but we received most of what we asked for."

Eurotunnel will seek shareholders' approval to issue a further 150m shares in each of its French and British companies, in addition to the 192m already approved for each of them. Shareholders' meetings will be held on May 9 and 17.

Sir Alastair said a full service would operate through the tunnel by "September/Octoberish". He estimated the cost of the delays at tens of millions of pounds a month, but less than the £50m a month which has been quoted, for a total over the summer of less than £100m.

Lex, Page 18

# IBM unveils new classes of computer

By Louis Kehoe in San Francisco

International Business Machines yesterday announced products that it claims will "fundamentally change the nature of large-scale computing". The announcement came almost 30 years to the day after the group launched its first mainframe computers.

IBM has seen sales of its flagship mainframes drop sharply over the past few years as many commercial computing tasks have switched from centralised mainframes to distributed networks of lower cost personal computers and servers.

Aiming to create a new role for mainframe computers in the era of networked "client-server" computing, IBM announced two new classes of computers, based on microprocessor technology similar to that used in PCs and workstations.

The new systems incorporate dozen of these miniature computer "engines", linked to work together to achieve processing speeds above those of traditional mainframes. Faster, smaller and cheaper, the new systems bring the low-cost semiconductor chips used in PCs and workstations into the mainframe arena.

The products are System/390 parallel servers, based on a new microprocessor version of IBM's traditional mainframe computer "engine", and POWERparallel systems, based on the reduced instruction set computing (Risc) technology that IBM also plans to use in a new generation of PCs.

"These systems deliver what customers tell me they want: lower cost, more power and protection of their existing trillion dollar investment in software," said Mr Nicholas Donofrio, senior vice-president.

The S/390 parallel servers, one designed for transaction processing applications, such as credit card processing, and the other for database query applications, such as customer support, will both run on software written for traditional IBM mainframe computers.

IBM announced a "coupling facility" that links these "new world" systems to traditional "old world" mainframes.

The new server technology gives IBM "at least a year's jump on the rest of the field", said Mr Bob Djurdjevic of Annex Research, an analysis group. "But the real test of character will be whether IBM's marketing will be able to convert a technological edge into some badly needed revenues and profits."

Sale of financing arm, Page 21

## Vanessa Houlder and Simon Davies report on a glut of UK property groups seeking flotation

**Property shares: down from the peak**

Weighted average discount/premium to estimated current NAV (%)


Source: [illegible]

# Anxious faces in the queue for the market

The heavy pounding taken by property shares in recent weeks has sent a tremor through property companies lining up to join the stock market.

Until recently, 1994 promised to be a record year for property flotations. Argent Group, which plans a £150m ($219m) flotation in May, is the latest of nearly a dozen companies to announce an intention to join the stock market. Brokers estimate that a clutch of other flotation candidates could add several hundred million pounds to the sector's capitalisation.

But enthusiasm for some of these new issues may be muted. The glut of companies joining the market, together with a fall of just over 16 per cent in property share values since the start of February, means that a successful flotation is no longer assured. The recent public offer for Capital Shopping Centres, which specialises in regional shopping centres, was only 14.4 per cent subscribed by the public.

The experience of Capital Shopping Centres, which priced its shares at an ambitious 13 per cent premium to net asset value, is already to prompting flotation candidates to scale down offer prices. Capital's issue price was 230p, and yesterday the shares closed at 210p – giving it a market value of £758m.

Rugby Estates reduced its new share issue by £5m, and its initial market capitalisation has fallen by one third to £20m. As a result, its biggest shareholder, Hillsdown, has decided not to sell.

But these experiences may not deter the directors of private companies intent on raising new funds and realising part of their investment. Joining the stock market offers their companies greater flexibility in fund raising, allowing them to take advantage of development opportunities. The freedom of manoeuvre tends to be greater than with bank finance, which is typically restricted to relatively high quality property.

Moreover, property shares are still highly valued by historic standards. Although shares are no longer trading at a premium to net asset value, the current average discount of about 3 per cent may still seem attractive when compared with the average discount of more than 20 per cent over the past 10 years.

"Property paper is worth more than two years ago. There is a feel-good factor," says a director of one company contemplating a float.

But not all those joining the market can expect to be well received. "When there is demand for the property sector, anything goes. But there is only a limited demand for these new issues," says one analyst.

As investors become jaded by the quantity of paper being released, companies are increasingly emphasising their distinguishing features.

Several of the newcomers to the market are long-established players. Capital Shopping Centres has been in existence for 25 years; London City Holdings has risen from the ashes of Randsworth Trust; Chelsfield, which joined the market in December, is run by Mr Elliott Bernerd, one of the industry's best-known figures.

A few of the companies have distinguished themselves by investing heavily during the downturn: Argent Group built up assets of more than £200m during the recession.

Other companies have tried to carve out a marketing niche. LCH has West End assets, Fiscal Properties has a portfolio let entirely to government tenants and Rugby Estates a management intensive approach.

But even companies with a coherent strategy or a visible management record will have to contend with general malaise in the sector. Property shares have fallen further than the rest of the market, as investors wonder if they have been over-optimistic about rising property yields.

Uncertainty in the bond market could slow the rise in property values, as movements in property yields have recently been closely allied to movements in bond yields. The property market's vulnerability to falls in bond values will be particularly pronounced if rental growth takes longer than expected to emerge.

Many other companies will find they have to work hard to persuade investors of the quality of their management and assets. Kleinwort Benson says a number of companies likely to seek flotations have been overgeared and need shareholders' money to solve their cash flow problem.

"Their portfolios will be historical accidents and not necessarily suited to the 1990s," it says.

Investors' caution is increased by the lacklustre performance of a number of existing small quoted companies which have indifferent managements and high overheads. This poor record calls into question the value of the present rush of flotations, according to Mr Marc Gilbard of Goldman Sachs. "The sector needed to consolidate rather than expand," he says.

# UK group dismisses its chief executive

By Daniel Green in London

Celsis, a biotechnology company floated 10 months ago, said yesterday that it had "dismissed" its chief executive Mr Tony Martin on the grounds that he had been "ineffectual".

Mr John Precious, chairman, said that Mr Martin "has not been able to grow in the way we needed a chief executive to grow".

Mr Martin joined the company just over a year ago and saw it through flotation. He leaves with two years of a three-year £90,000 ($130,000) contract still to run and has a 3 per cent stake in the company. Mr Martin was not available for comment yesterday.

The departure of Mr Martin is a reminder that the risks associated with the biotechnology industry go beyond the scientific. Few large US biotechnology companies still have the chief executives that presided over their flotations.

Celsis, which is developing equipment to test for contamination during the manufacture of food, drinks, cosmetics and drugs, raised £12.4m in a flotation that was nearly four times subscribed. The flotation price was 100p and the shares yesterday fell 4p to 78p.

Celsis concluded a $700,000 collaborative agreement with Merck, the biggest US drugs company, in February. But Mr Mark Clement, finance director, said that Mr Martin had not been involved with that deal.

Mr Chris Evans, the founder of Celsis, who recruited Mr Martin, said that he was appointed "because of his perceived track record". Mr Martin, 40, had been managing director of the diagnostics arm of one of the UK's biggest biotechnology companies. Before that he had held positions with Procter and Gamble, the US consumer goods manufacturer, and Amersham International, the UK radioactive products supplier.

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# Nippon Life lifts stake in Lehman Bros to 12.2%

By Richard Waters in New York

Nippon Life, the Japanese insurer, is to lift its stake in Lehman Brothers to 12.2 per cent in a deal which values the US investment bank at $2.7bn.

News of the extra investment by the insurer came in a registration statement filed yesterday with the Securities and Exchange Commission for the planned spin-off of Lehman from its parent, American Express.

Under the plan, announced in January, American Express will inject extra capital as part of a $1.25bn recapitalisation of Lehman to strengthen its balance sheet and distribute shares in the bank to its own shareholders.

Yesterday, it emerged that Nippon has chosen to exercise an option to buy an additional 3.5m shares in Lehman for $89.2m, lifting its stake to 12.2 per cent from 9 per cent on a fully diluted basis.

The insurer first bought a 13 per cent stake in Shearson Lehman Hutton, Lehman Brothers' predecessor, at the height of the 1980s bull market, and has since had the right to lift its stake back to that level.

The investment will cement Nippon's position as Lehman's biggest shareholder, with two seats on the company's restructured nine-strong board.

By implication it also puts a value of about $25.50 on Lehman's shares and valued the whole company at $2.7bn, slightly more than book value.

This is below the $3.5bn level talked of by American Express executives at the end of January. However, since then the turmoil in the financial markets has hit the share prices of other investment banks.

Lehman's profit record has been held back by a higher cost base than its main US competitors.

The bank has been working to bring its costs into line with rivals, and is to take a $30m pre-tax charge against first-quarter earnings to cover cuts in staffing.

By raising its stake, Nippon has cut the amount of stock available to Lehman Brothers employees in the deal. They will now receive some 4 per cent of the company, whereas American Express had at first said they would get "up to 10 per cent" of the shares.

# Sharp rise at Danish telecoms group

By Hilary Barnes in Copenhagen

GN Great Nordic, the Danish telecommunications group, increased net profits last year to DKr148.2bn ($22.1bn) from DKr31.4m in 1992. Turnover was ahead to DKr1.62bn from DKr1.33bn and profits before items and tax rose to DKr161.1m from DKr112.7m.

The group announced a one-for-six share issue and plans to raise about DKr300m through a convertible bond issue. An unchanged 12 per cent dividend will be paid.

The improvement in sales and earnings last year was attributed to systems coming into operation and an improvement in primary operating profits in the group's manufacturing companies to DKr111m from DKr37m in 1992.

New telecommunications systems include the Copenhagen-St Petersburg optical fibre cable link, with links to Moscow, which was opened in April last year.

Denmark's second cellular phone system, Sonofon, which competes with Tele Danmark's Nordic Mobile Phone system, has exceeded expectations and established a satisfactory level of operations, GN said.

The group expects operating profits in 1994 to remain at the 1993 level, although profits before financial items will grow. New systems coming into operation this year include a north-south optical link through Poland and a system in Lithuania.

## NEWS DIGEST

### French retailer drops 14% to FFr511m

The pressures on the French retail sector last year took a toll on Pinault-Printemps' performance with a 15 per cent reduction in net profits to FFr511m ($86.6m) in 1993 from FFr586m in 1992, writes Alice Rawsthorn in Paris.

However, Pinault-Printemps made progress in its debt-reduction programme. The group succeeded by selling assets – including Prime Equipment, CICA and Discol – to cut its net debt by more than FFr6bn to FFr12.1bn by the end of the year.

The assets sales triggered a reduction in turnover which fell by 11 per cent to FFr63.3bn last year from FFr70.2bn in 1992. Operating profits slipped by 20 per cent to FFr2.31bn from FFr2.79bn.

The group's continuing businesses did incur falls in both turnover and operating profits but at a lower level.

Pinault-Printemps also announced that the board had endorsed its proposal to take full control of La Redoute, the mail order group. The takeover will be put to Pinault-Printemps' shareholders next month at an extraordinary meeting.

### Aegon ahead and sees further growth

Aegon, the second-largest insurance company in the Netherlands, posted a 10.5 per cent increase in net profit in 1993, and predicted an improvement in operating profit for 1994, writes Ronald van de Krol in Amsterdam.

Net profit rose to slightly more than Fl 1.0bn ($526m) from Fl 909.0m in 1992, on turnover up nearly 45 per cent at Fl 22.1bn.

Operating profit, which does not include realised gains on investments, was up 10.3 per cent at Fl 865.5m.

The 1993 dividend is to be raised to Fl 4 from Fl 3.75 in 1992.

The sharp increase in turnover was heavily influenced by the acquisition in February last year of Amex Life's portfolio in the US and its link-up in the fourth quarter with Scottish Equitable.

Excluding acquisitions, turnover would have risen by 12.5 per cent.

Aegon said the Scottish Equitable acquisition had no effect on 1993 profit but should make a contribution in 1994. The acquisition trebled European turnover at Aegon, which generates most of its business in the US and the Netherlands. The company is active in Spain and Hungary but recently announced its withdrawal from Belgium.

### Barco lifted by sales expansion in Asia

Expanding sales in the Asia Pacific market helped Barco, the Belgian electronics group, push profits 22.7 per cent higher last year, writes Gillian Tett in Brussels.

Profits after tax for 1993 were BFr1.1bn ($30.5m), up from BFr900m the year before, and BFr600m in 1991. Total turnover rose by 4.1 per cent to BFr10.5bn, up from BFr10.1bn in 1992.

Turnover in Asia Pacific rose by 21 per cent partly due to a 44 per cent growth in the sales of data and graphics projectors, which form a core part of Barco's business.

However, conditions elsewhere had been harder, the group said, with an 11 per cent growth in turnover in the US market and 4 per cent fall in Europe.

Although the climate for investment remained weak in Europe, prospects in Asia and South and North America were "exceptionally" encouraging, the company said. It added that it expected to record a similar level of growth next year.

# Rhône-Poulenc increases stake

Rhône-Poulenc, the French chemicals and drug group said yesterday that it held more than 85 per cent of the shares of Co-operation Pharmaceutique Francaise (Cooper) after launching a friendly takeover bid for the company, AP-DJ reports from Paris.

Last February, Rhone-Poulenc said it would offer 18 of its own shares or FFr2,400 ($406m) cash for every Cooper share.

# Crédit Lyonnais in alliance move

By Alice Rawsthorn in Paris

Crédit Lyonnais, the troubled French bank, hopes to expand its insurance interests by forging a strategic alliance with Assurances Générales de France (AGF), the insurance group, according to Mr Jean Peyrelevade, the bank's chairman.

Mr Peyrelevade, who last autumn was brought into Crédit Lyonnais by the government to rescue the ailing bank, said he had discussed the possibility of an alliance with Mr Antoine Jeancourt-Galignani, AGF chairman.

"It's obvious to me that we need a long-term partner in insurance," he said. "The question is whether AGF wants to be that partner. I've had a very friendly conversation with Antoine Jeancourt-Galignani who asked me, perfectly reasonably, for time to think it over."

AGF yesterday confirmed that Mr Jeancourt-Galignani was considering the feasibility of an alliance with Crédit Lyonnais. However, it stressed this was only one of a number of strategic options under consideration. Société Générale, another leading French bank, has indicated interest in forging closer links with AGF.

The overtures from Crédit Lyonnais and Société Générale, both of which have small cross-shareholdings in AGF, form part of the trend for France's big banks to reduce their reliance on the intensely competitive banking market by diversifying into related fields, notably insurance.

Banque Nationale de Paris (BNP), another big bank, used its recent privatisation as an opportunity to clarify its strategic links and cross-shareholding with Union des Assurances de Paris (UAP), France's largest insurer which is due to be privatised this spring.

Mr Peyrelevade, who recently sold Crédit Lyonnais's 30 per cent holding in the Union des Assureurs Fédérales insurance group as part of his FFr35bn ($5.9bn) asset sale programme, said he did not envisage an eventual partnership between Crédit Lyonnais and AGF adopting the same structure as that of BNP and UAP. However he said it would be "in the same spirit".

# Bank takes long march to profit

**Crédit Lyonnais is in a critical condition but Jean Peyrelevade, chairman, does not seem to be going out of his way to find what he needs most – friends. Alice Rawsthorn and David Buchan report**

For a man who appears to need all the friends he can get, Mr Jean Peyrelevade, chairman of Crédit Lyonnais, the stricken French bank, does not seem to be going out of his way to find them.

When his fellow bankers last week complained about the government's decision to participate in Crédit Lyonnais's FFr44.9bn ($7.6bn) rescue package, Mr Peyrelevade responded by resigning from the French Banking Association. "I didn't think it was very fraternal," he said. "I'd expect people to show some sympathy in a situation like this – and they didn't."

It is typical of Mr Peyrelevade, 54, to have turned his back on the banking establishment while tackling the biggest challenge of his career. He was a senior socialist adviser who became one of France's most influential financiers in the 1980s as chairman of the Suez holding company and then Union des Assurances de Paris insurance group before being drafted into Crédit Lyonnais last November by the centre-right Balladur government.

Crédit Lyonnais is in a critical condition having last month reported a FFr6.9bn net loss for 1993. The result would have been even worse without the rescue whereby the government is removing FFr40bn of bad debt from its balance sheet. Mr Peyrelevade's task is to bring it back into profit against the backdrop of Swiss and US legal suits over past investments and an inquiry into the conduct of his predecessor, Mr Jean-Yves Haberer.

"I thought long and hard before taking this job," he said. "It's a huge challenge and that's why I accepted. It's a job that can be done. But there are some issues outside our control such as the political impact of the inquiry."

Yet Mr Peyrelevade is convinced that, in the short term, the rescue should be sufficient to stabilise Crédit Lyonnais. He dismisses the risk of opposition from the European Commission (which has objected to a similar aid package for Bull computers) claiming that under French banking law the government, as majority shareholder, was obliged to rescue Crédit Lyonnais.

The government has notified Brussels about the rescue and is awaiting its response. In the meantime, Mr Peyrelevade must continue with Crédit Lyonnais's restructuring. One priority is to raise capital by selling part of its FFr55bn portfolio of industrial investments. He plans by the end of next year to have raised FFr20bn from these disposals and will then continue with up to FFr15bn of additional sales.

Perhaps the most intersting disposal will be that of MGM, the ailing Hollywood studio that Crédit Lyonnais inherited from an ill-fated 1980s takeover bid. The bank has since sunk $2bn into MGM but must, under US banking regulations, sell it by mid-1997. It is gambling that the loss-making studio can be turned round in time for the sale. "Every week someone offers to buy MGM," said Mr Peyrelevade. "I always say no. The new management team is doing a good job and the offers will still be around in 1997 when, I hope, we'll get a good price."

One area of Crédit Lyonnais that is not for sale is the group of European retail banks acquired by Mr Haberer in the late 1980s. These banks have performed fairly well but Crédit Lyonnais's management has been too distracted by its financial problems to fulfil Mr Haberer's ambition of merging them into the first pan-European retail banking network.

Mr Haberer's critics claimed that the European banking market was too fragmented to accommodate such a network. Mr Peyrelevade disagrees. He plans gradually to merge the banks by imposing standard management controls across all the banks, harmonising their marketing strategies for individual clients and developing cross-border products for corporate customers.

"It's a gamble," he said. "But every day Europe moves closer towards adopting a common currency. There are more exporters, more importers and more companies that need an easy way of transferring funds from country to country. Perhaps I'm wrong, but I think it will work."

Back in France the imperative is to make Crédit Lyonnais's large domestic network more efficient by cutting costs and improving client service. Mr Peyrelevade has already announced plans to shed 10 per cent of its 38,449-strong workforce over the next three years as part of an initiative to reduce the proportion of income absorbed by operating costs (now higher than its competitors at 75 per cent) by 1 per cent a year.

He hopes to swallow some of the job losses through part-time working and has diplomatically asked his 20-strong board to accept 10 per cent salary cuts. But Mr Peyrelevade may face a tough task in selling the rationalisation package to the unions, which recently went on strike over less radical cost-cutting proposals.

The rationalisation plan will be critical to his chances of restoring Crédit Lyonnais to profit. The consensus among analysts is that it should be back in the black in 1996 and can then think about privatisation.

"My sole concern is making Crédit Lyonnais profitable," said Mr Peyrelevade. "It's only then that we'll be able to think about privatisation. Do I want to take it into the private sector? Of course. I missed out on it at Suez [privatised after he left] and now at UAP [scheduled for sale this spring]. I don't want it to happen again."

# Boost for Canadian multimedia networks

By Bernard Simon in Toronto

Canada's local telephone companies plan to invest C$8bn (US$6bn) over the next decade to equip the national phone network for multimedia services.

The nine companies yesterday outlined plans to pool their resources through Stentor, an existing research and marketing consortium.

The centrepiece of the investments will be an upgrade of local telephone networks to provide broad band capability to between 80 per cent and 90 per cent of all Canadian businesses and homes within the next 10 years. The access will be based on both fibre-optic and coaxial cable networks.

Mr Ivan Duvar, chairman of Maritime Telephone and Telegraph, one of Stentor's members, said: "We anticipate that cable TV companies, other providers of telecommunications services, and multimedia suppliers of all kinds will use our access networks."

The telephone companies are in a race with cable TV operators to establish a dominant position. Rogers Communications, the biggest cable operator, has emerged as the phone companies' chief rival. Rogers is broadening its interests through its takeover of Maclean Hunter, the publishing and cable TV group. Rogers already has a stake in Unitel, which two years ago set up a long-distance network in competition with Stentor.

Stentor also announced plans to create a new company to supply multimedia services and co-ordinate the distribution of multimedia controllers and software. Outsiders will be invited to invest in this company, presently named MMI.

The company will attempt to marry access devices, such as personal computers and TV controllers, with the broad band communications network. Its services will be distributed through the Stentor phone companies and other "value-added" resellers.

Stentor said, however, that MMI will also seek alliances with related companies, such as production studios, publishers, computer software distributors and systems integrators.

In addition, a venture capital fund will be set up to help companies develop multimedia applications and products. The fund is expected to total about C$50m, with 10 per cent contributed by the phone companies and the remainder by institutional investors and other outsiders.

# São Paulo cashes in on privatisation hopes

## Brazil's industrial heart needs to fund an 8% budget deficit, writes **Patrick McCurry**

São Paulo, Brazil's industrial powerhouse, is rushing to raise funds on local and international capital markets. The move has been sparked by the drying-up of traditional state revenues combined with election-fuelled spending plans.

Without giving up control of public companies, the state government is selling equity stakes and cashing in on international interest in sectors regarded as privatisation candidates, such as electricity and telecommunications. The money is for current spending and infrastructure projects.

The projects include roads, an extension of the city's tube line, which is also receiving World Bank and Interamerican Development Bank money, and 100,000 new homes.

Traditionally, state spending increases in election years and, according to bankers and analysts, São Paulo's money raising is aimed at keeping the centrist Democratic Movement Party (PMDB) in power at elections in October. The state government denies this, arguing it is coincidence that most of the offerings are this year.

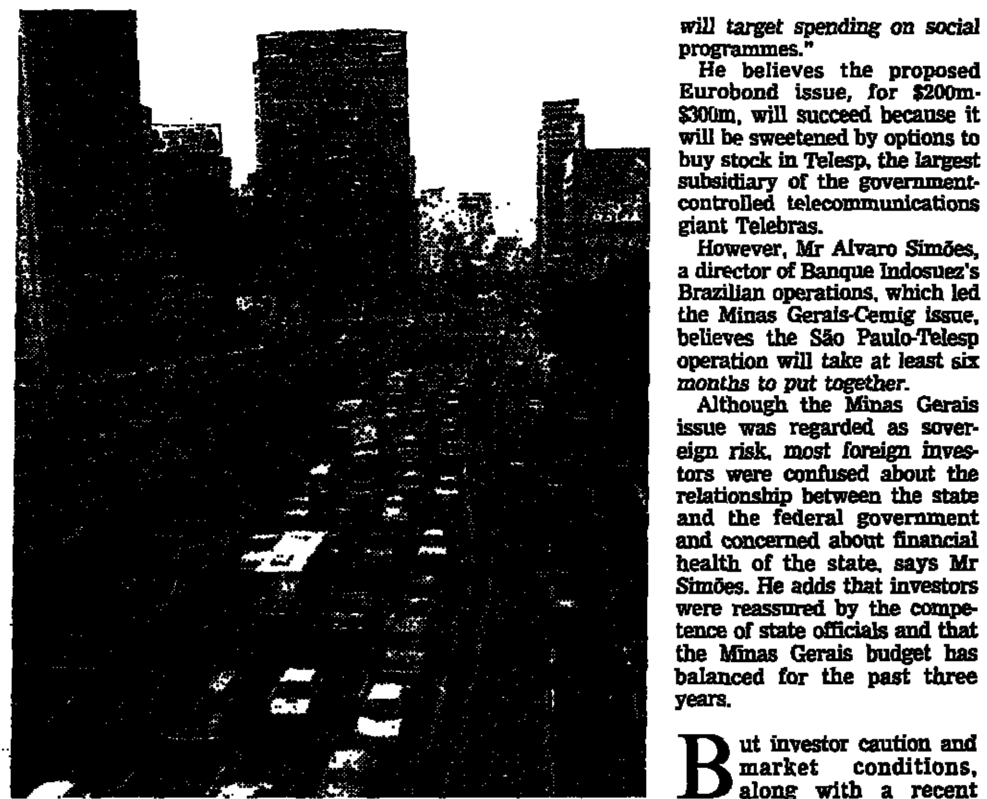
Since last November the state, facing a deficit of 8 per cent on its $18bn budget, has raised $515m from equity sales, including $300m from a private placement of non-voting American depositary receipts (ADRs) in its electricity generator Companhia Energética de São Paulo (Cesp) in February. Locally, sales of equity in Cesp and its distribution subsidiary have raised $215m.

The government expects another four debt or equity issues in other companies to raise about $700m. These include a planned equity-linked Eurobond issue offering a stake in Telesp, the state telecom company, similar to that made in January by the state of Minas Gerais, which offered equity warrants in its electricity company Cemig. The other issues are of debenture and shares in the state sanitation company, an initial public offering in its gas company and debentures in the state bank's leasing firm.

Mr Eduardo Saad, managing director in São Paulo of Merrill Lynch and co-ordinator for the ADR placement, believes more states will attempt similar operations. However, international issues will be limited because only a handful of states have large enough companies to interest foreign investors.

Furthermore, equity-linked bond issues are complex and overseas investors suspicious about taking on state debt, according to Mr Saad. "A lot of states have financial problems with the federal government. They would probably not pass the test of the bond market," he says.

The financial problems date from Brazil's economic crisis in the 1980s, when many states ran up huge debts and used state banks to bail them out. The crisis has worsened in recent years and last year governors were told they could no longer borrow from their state banks.



Infrastructure projects such as new roads in São Paulo will be beneficiaries of the state's fund-raising equity sales

São Paulo has also been hit by shrinking sales tax revenues, traditionally its main revenue source, following a "tax war" between states to attract industry. The state's total debt is about $22bn.

Despite these problems, it remains the industrial heartland of Brazil, accounting for more than half the country's industrial production and with a gross domestic product of $189bn in 1992.

Mr Eduardo Maia, state finance secretary, says the equity offerings are part of a new philosophy. "We are preparing the ground for the privatisation of the electricity industry and other sectors, and for a new, slimmer state that will target spending on social programmes."

He believes the proposed Eurobond issue, for $200m-$300m, will succeed because it will be sweetened by options to buy stock in Telesp, the largest subsidiary of the government-controlled telecommunications giant Telebras.

However, Mr Alvaro Simões, a director of Banque Indosuez's Brazilian operations, which led the Minas Gerais-Cemig issue, believes the São Paulo-Telesp operation will take at least six months to put together.

Although the Minas Gerais issue was regarded as sovereign risk, most foreign investors were confused about the relationship between the state and the federal government and concerned about financial health of the state, says Mr Simões. He adds that investors were reassured by the competence of state officials and that the Minas Gerais budget has balanced for the past three years.

But investor caution and market conditions, along with a recent move by the central bank to slow down Eurobond issues, may pose difficulties for the São Paulo issue. Some bankers believe São Paulo will find it harder to win over foreign investors due to its financial problems.

A former adviser to the state bank says: "Although Telesp is an attractive company, São Paulo will probably face more problems than Minas Gerais because of its financial image."

# Canadian pension fund boosts 1993 rate of return to 19.7%

By Robert Gibbens in Montreal

Quebec's Caisse de Depot, Canada's biggest pension fund with assets of C$47bn (US$33bn), earned a rate of return of 19.7 per cent in 1993, well up on 1992's 4.5 per cent. The 10-year average return is 11.9 per cent.

At the year end, the Caisse held 48.2 per cent of its assets in bonds and 38.1 per cent in shares, including 26.1 per cent in Canadian stocks. It is Canada's biggest equity investor.

Mr Jean-Claude Delorme, president, said the 1993 performance was below average for North American pension funds, but the Caisse holds a larger proportion of bonds.

It holds C$16bn of Quebec's public pension plan assets, C$15.9bn of provincial civil servants' pension assets, and also manages the portfolios of the Quebec car insurance board, workmen's compensation and construction industry board. Some of the latter organisations require a large percentage of fixed interest investments.

The Canadian portfolio yielded 26.2 per cent last year, against a gain of 32.6 per cent in the Toronto 300 stock index. The Caisse had large exposure to Northern Telecom and Laidlaw, two Canadian stocks which fell sharply in 1993. The bond portfolio yielded 18.4 per cent, in line with other pension funds.

The Caisse says it plans to become more vociferous in the management of the 350 companies in which it holds investments. It is already represented in the boardrooms of some Quebec companies.

● Univa, Canada's second-biggest food distributor in which the Caisse is the biggest shareholder, lost C$108.2m, or C$1.33 a share, in the year ended January 31, against profit of C$32.5m, or 30 cents, a year earlier, on sales of C$6.2bn, against C$6.7bn. The latest period includes restructuring charges of C$167m.

# IBM plans sale of financing arm

By Richard Waters in New York

IBM is to sell its fledgling investment management business to Fleet Financial in a deal which could bring the Rhodes Island-based banking group around $1bn in assets.

IBM Credit, the computer company's financing arm, began a mutual funds business in 1990 and currently manages $642m held in 68,000 accounts.

It also handles $349m in 34,000 money market accounts.

The sale, expected to be completed by the end of June, continues the move by US banks into the retail investment management business. Fleet already manages some $4bn in a range of mutual funds.

Fleet will take over the management and administration of the mutual funds, and will offer money market account holders similar Fleet products.

# Thai telecoms group's Bt7.25bn share offering

By Victor Mallet in Bangkok

Thai Telephone and Telecommunication (TT&T), the consortium installing 1m telephone lines in the provinces of Thailand, this week becomes the latest Thai telecommunications company to go public with the offer of 10 per cent of its enlarged share capital to the public.

The offer of 50m shares at Bt145 each should raise Bt7.25bn ($285m), and value the company at the equivalent of nearly $3bn when trading begins next month. 40 per cent of the new shares has been set aside for foreign investors and the rest reserved for Thais. Phatra Thanakit is lead manager for the issue, and a total of 62 finance and securities companies are listed as underwriters.

Investor interest in the Thai telecommunications sector remains intense as the private sector rapidly makes up the shortage of lines left in recent years by the military-controlled duopoly of the Telephone Organisation of Thailand (Tot) and the Communications Authority of Thailand.

Following the recent listing of several companies, including TelecomAsia, which has the contract to install 2m new telephone lines in Bangkok, the communications sector now accounts for 16 per cent of the capitalisation of the Stock Exchange of Thailand.

TT&T, in which Nippon Telegraph and Telephone (NTT) and the Thai companies Loxley and Jasmine International each have a stake of about 20 per cent, won the provincial telephone concession after a previous Thai government reduced the number of lines allocated to TelecomAsia and reopened bidding for provincial lines. Jasmine, which has other communications interests, is expected to be listed in the next few months.

Under the terms of its contract, TT&T gives 43 per cent of the revenue from the new lines to the Tot, compared with the 16 per cent handed over by TelecomAsia, but stockbrokers say provincial lines provide more revenue because more calls are long distance rather than local.

TT&T forecasts that its net profit will be Bt39m this year, rising to Bt1.36bn in 1995, Bt2.6bn in 1996 – by which time 760,000 new lines should have been installed – and Bt5bn in 1998.

# Net income falls 4% at Indonesian cement maker

Indocement Tunggal Prakarsa, Indonesia's largest cement producer, and its subsidiaries reported net income of Rp312.38bn ($145m) for 1993, 4.6 per cent down on the previous year's Rp327.39bn, writes Our Financial Staff.

Net revenues of Rp2,900bn were 32 per cent higher than the Rp2,200bn a year earlier.

The net income fell short of several analysts' expectations of about Rp340bn, in part due to debt repayment.

In 1992 Indocement, which is owned by the Liem Sioe Liong group and the Indonesian government, acquired noodle maker Indofood, the Bogasari flour mill, and Wisma Indocement, for a total of about Rp1,700bn rupiah.

That significantly increased the cost of interest charges for Indocement for the full year 1993, up 45 per cent to Rp274.29bn, from Rp189.51bn the year earlier.

As Indonesia's largest cement producer, Indocement produces about 9.8m tons annually and controls about 50 per cent of the domestic cement market.

# Japanese banks sell Y2,654bn in bad loans

By Emiko Terazono in Tokyo

Japanese banks unloaded bad loans worth Y2,654bn ($26bn) to the Co-operative Credit Purchasing Company (CCPC), the bad loan purchasing organisation, during the six months to March.

This is 2.2 times more than the previous half-year, reflecting a rush by banks to remove non-operating loans from their books. As a result, the CCPC bought non-operating loans with the face value totalling Y4,520bn in the year to March.

The debt purchasing vehicle is made up of a consortium of banks, and buys bad loans backed by real estate collateral at a discount. A bank wishing to sell its loan to the CCPC needs to supply it with a loan to fund the purchase.

After buying the bad debt, the purchasing company tries to recover the loan through sales of real estate collateral. However, such efforts have so far been hampered by the slump in the Japanese property market. Of the loans, the CCPC has managed to recover only Y30bn.

The purchasing company posted a pre-tax loss of Y11m for its first fiscal year to last December due to its inability to absorb establishment costs of more than Y50m. While net operating profits totalled Y44m, net operating losses were Y13m.

# Daiichi Real Estate shake-up

Financially-troubled Daiichi Real Estate said it has drawn up a new two-year restructuring programme with about 50 financial institutions, Reuter reports from Tokyo. Under the new programme for fiscal 1994-95 and 1995-96, it plans to resume interest payments on loans from 50 creditors including Mitsui Trust & Banking, Nippon Credit Bank and Chuo Trust & Banking.

# Foreign companies protest at Indian plan

By Stefan Wagstyl in New Delhi

The Indian government is planning to clamp down on foreign companies buying shares in their stock exchange-listed Indian subsidiaries at a fraction of market prices.

The proposals have prompted protests from some multinational companies and foreign-linked chambers of commerce which have accused the government of acting unfairly and of reversing an important part of its economic reforms. The foreign companies are lobbying hard to persuade officials to change their minds before they announce new rules during the next month or so.

The dispute dates back to last year, when, prompted by the government's liberalisation programme, multinationals started increasing their stakes in their Indian affiliates. Typically, they increased their holdings from the pre-reform maximum of 40 per cent to 51 per cent to secure control. Making use of measures designed to encourage foreign investment, the multinationals bought the shares at discounts of up to 90 per cent of market prices.

These purchases brought protests from Indian business families which said foreign companies were taking unfair advantage of liberalisation measures.

Foreign companies were able to do so because rules introduced in 1992 abolished the government's long-standing powers to control stock market issue prices and opened the door to free market pricing. The measure was a central element of the dismantling of the "licence raj", the panoply of controls in pre-reform India.

Under the new regime, companies were free to allot shares on preferential terms to any shareholder – as long as they secured approval from at least 75 per cent of shareholders. Shareholders were happy to grant such approvals to multinationals because they judged a multinational which increased its stake would also probably bring other changes to the affiliate such as new managers or new technology – so benefiting all shareholders.

Indian state-owned financial institutions, which hold the bulk of Indian shares, set rules for minimum pricing, including a minimum price/earnings ratio of 15. However, because profits in the years 1991 and 1992 were depressed by recession in Indian industry, the formula allowed companies to issue shares to their foreign parents very cheaply. Colgate Palmolive, the US toiletries group, bought stock in its affiliate at a 90 per cent discount; Burmah, the UK oil group, secured an 89 per cent discount on shares in Castrol India. Several Indian business families jumped on the bandwagon – persuading their companies to issue shares to founding families at cheap prices.

Last December, the institutions set an additional rule, fixing the minimum price as the average price for the previous six months. Foreign companies did not like this change – but did not object since the institutions were exercising their rights as shareholders – as they might in the US or the UK.

However, the institutions' decision did not apply to every listed company because they do not always have majority shareholdings – some important foreign-related companies have small institutional holdings and large numbers of individual shareholders. So officials at the finance ministry started considering ways of clamping down on all preferential issues.

They have decided on a plan to amend the Companies Act to outlaw preferential issues to small groups of shareholders, in line with US regulations. This change would affect Indian and foreign groups, but will take some time to carry out because it requires amending legislation.

As a stop-gap measure the ministry is considering using foreign exchange regulations to impose on foreign buyers the same six-month average minimum price formula adopted by the institutions. The rule would be administered by the Reserve Bank of India, the central bank, which has powers to approve substantial stock market investments by foreigners. Officials are likely to decide whether to adopt the stop-gap rule in the next week or so.

# Australia Air splutters on the runway

## Nikki Tait examines the international airline's struggle to launch a service to China

Will Australia Air International, the fledgling carrier which a year ago won the rights to fly between Australia and China, ever take to the skies?

As Australia's first – and only – start-up company to be given an entrée into the international aviation market, its progress is being monitored closely by the business community and politicians alike.

It is now over two years ago since Mr Bob Collins, then federal minister for transport, heralded a "new era" in Australian aviation, committing his country to a competitive, deregulated system on both domestic and international fronts. The domestic experience was quickly soured by the failure of Compass, the only entrant to attempt a new nationwide operation. It went out of business in March 1993, leaving Ansett and Qantas (which acquired Australian Airlines) with a duopoly.

But now the focus has switched to the international arena. Here, the liberalised regime envisaged that a newly-formed International Air Services Commission (IASC) would distribute future international aviation rights among existing and new operators, effectively ending Qantas' long-standing monopoly on non-domestic services.

It was as a result of this process that Australia Air, which occupies offices in a Sydney suburb and is owned by Mr Colin Hendrick, a local businessman, picked up the China rights in March 1993. Its initial plans sounded encouraging – a weekly China service, linking Beijing and Sydney, to begin last autumn. But Australia Air is still spluttering on the runway.

In theory, the China rights are attractive. There is only one carrier, Air China, which flies directly between the two countries. Yet, according to Australia Air, some 75,000 Australian tourists visited China last year and business links between the two countries are expanding rapidly. Direct flights, rather ones which involve a stopover in Hong Kong, ought to find a market.

Australia Air claims that the first hiccup came when it discovered that Qantas was still the "designated" carrier under the Sino-Australian air services agreement. The larger airline flew the route in the mid-1980s but had pulled out of the market in 1987. A spat then developed over how many designated carriers could exist on the Australia-China route, which was only sorted out in November. "Obviously, it took longer than anyone had anticipated," admits the IASC.

Hiccup number two was, and to a large extent still is, money. In its initial application, Australia Air envisaged backing of around A$55m (US$27m). However, attempts to raise this sum outside Australia – and to interest US investment banks – have failed. Belatedly, the would-be carrier has considered the possibility of a stock market flotation, and called in County NatWest and Turnbull & Partners as advisers.

The viability of this plan has yet to be tested. In recent releases, Australia Air has given the impression that the float is already underwritten. However, County says that while there are some conditional arrangements in place, it would not enter a formal underwriting agreement until it had a fair idea of the likely sub-underwriting commitments. It is still testing the waters.

In the meantime, the IASC is demanding to see the colour of Australia Air's money before it will let the carrier take off. An attempt to persuade the IASC to allow the airline to start operating on the back of underwriters' commitments failed. Instead, the IASC stipulated that Australia Air should have at least A$28.87m in the bank, and the remainder of the A$55m potentially available through calls on partly-paid shares. This has prompted Australia Air to plead for more time, and the IASC has provisionally approved a three-month extension, meaning that the float must be completed by end-June.

In the meantime, the operational side seems to be more straightforward, although the initial arrangements depend heavily on sub-contractors. Australia Air says that it would lease a Boeing 747, complete with crew, from New York-based Tower Air, with Cathay Pacific responsible for catering and Qantas for ground-handling, aircraft maintainance and staff training.

Many observers think that Qantas is embarrassed by the loss of the rights, and is scurrying to reclaim some ground through such deals. It opposed the recent IASC extension, offering to pick up the rights if Australia Air failed to meet the end-March deadline.

In justification of the IASC's role to date, officials point out that it has managed to push some significant international rights in Ansett's direction, especially in the Asian region.

But the domestic duopoly situation seems all too likely to rule in the international arena as well. And that does not quite equate to the competitive situation everyone hoped for.



Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

| 1/2 hour period ending | Provisional Prices for Trading on [illegible]: Pool purchase price £/MWh | Final Prices for Trading on [illegible]: Pool purchase price £/MWh | Final Prices for Trading on [illegible]: Pool selling price £/MWh |
|---|---|---|---|
| 0030 | 16.70 | 10.57 | 10.57 |
| 0100 | 10.83 | 14.64 | 14.64 |
| 0130 | 18.98 | 14.56 | 14.56 |
| 0200 | 31.00 | 14.64 | 14.64 |
| 0230 | 50.96 | 14.56 | 14.56 |
| 0300 | 50.96 | 14.54 | 14.54 |
| 0330 | 50.96 | 14.54 | 14.54 |
| 0400 | 50.96 | 10.90 | 10.90 |
| 0430 | 39.01 | 10.57 | 10.57 |
| 0500 | 32.35 | 10.55 | 10.55 |
| 0530 | 16.90 | 10.91 | 10.91 |
| 0600 | 16.90 | 10.91 | 10.91 |
| 0630 | 23.63 | 10.91 | 10.91 |
| 0700 | 30.30 | 14.83 | 14.83 |
| 0730 | 31.15 | 14.93 | 17.59 |
| 0800 | 31.92 | 15.01 | 17.67 |
| 0830 | 45.23 | 15.01 | 17.67 |
| 0900 | 46.23 | 15.01 | 17.67 |
| 0930 | 45.23 | 15.01 | 17.67 |
| 1000 | 45.23 | 15.01 | 17.67 |
| 1030 | 33.20 | 15.01 | 17.67 |
| 1100 | 33.20 | 15.01 | 17.67 |
| 1130 | 33.20 | 15.01 | 17.67 |
| 1200 | 33.20 | 15.01 | 17.67 |
| 1230 | 33.20 | 15.01 | 17.67 |
| 1300 | 33.19 | 15.01 | 17.57 |
| 1330 | 33.12 | 15.01 | 17.67 |
| 1400 | 31.77 | 15.01 | 17.67 |
| 1430 | 31.77 | 15.01 | 17.67 |
| 1500 | 31.77 | 15.01 | 17.67 |
| 1530 | 31.77 | 15.01 | 17.67 |
| 1600 | 31.77 | 15.01 | 17.67 |
| 1630 | 31.77 | 18.37 | 21.03 |
| 1700 | 31.77 | 15.04 | 17.71 |
| 1730 | 31.77 | 18.41 | 21.08 |
| 1800 | 31.77 | 18.46 | 21.20 |
| 1830 | 32.20 | 18.63 | 21.37 |
| 1900 | 30.34 | 18.54 | 21.38 |
| 1930 | 30.34 | 18.55 | 21.27 |
| 2000 | 29.98 | 18.39 | 21.07 |
| 2030 | 45.05 | 18.36 | 21.02 |
| 2100 | 49.00 | 15.01 | 17.67 |
| 2130 | 49.00 | 15.64 | 15.64 |
| 2200 | 43.53 | 15.51 | 15.51 |
| 2230 | 45.05 | 14.74 | 14.74 |
| 2300 | 29.45 | 14.82 | 14.82 |
| 2330 | 23.63 | 10.90 | 10.90 |
| 2400 | 17.00 | 10.88 | 10.88 |

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone [illegible] between 8:30am and 5.15pm Monday to Friday.
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## INTERNATIONAL CAPITAL MARKETS

# Treasuries rally after two heavy selling sessions

By Frank McGurty in New York and Antonia Sharpe in London

The US Treasury market rallied yesterday morning as traders took advantage of yields pushed to attractive levels by two sessions of heavy selling.

By midday, the benchmark 30-year government bond was 1 ahead at $87\frac{13}{32}$, with the yield easing by about 10 basis points to 7.31 per cent. On the short end, the two-year note was ⅛ better at $99\frac{5}{32}$, to yield 5.478 per cent.

The firm opening came on the heels of more stable trading conditions overnight in Asia and Europe. Volatility overseas has contributed to the recent weakness in US bonds, as traders have been forced to sell their holdings in the more liquid US Treasury market to cover their losses elsewhere.

After two days in which the yield on the long bond climbed nearly 20 basis points and prices dropped by about 4 points, buyers were finally coaxed back into the market. But traders said the activity was mostly based on technical factors and stressed that fear of inflation and concern over the direction of interest rates would limit the extent of any rebound.

The day's economic news – a 0.1 per cent decline in the Commerce Department's composite index of leading indicators – elicited little reaction in the market. The February reading, which is designed to predict future economic activity, compared with a consensus forecast of a 0.2 per cent drop and a revised 0.4 per cent increase the previous month.

The market was still facing retail sales data from Johnson Redbook Service later in the afternoon.

■ European government bond prices were marked down by as much as a point yesterday morning in response to the decline in the US markets over the long Easter weekend. However, a combination of light buying and signs that Europe was finally de-coupling from the US fuelled a respectable recovery in the afternoon.

### GOVERNMENT BONDS

Traders said that most of the activity was concentrated in the futures markets but that volume in the cash markets was relatively thin. Some buying of call options was also reported.

Analysts said that the start of the second quarter might have encouraged a change of sentiment among investors. "There appears to be a feeling that Europe can and will de-couple from the US," said Mr Julian Callow, European economist at Kleinwort Benson.

Mr Ifty Islam, fixed-income strategist at Merrill Lynch, said that the widening of the yield differential between 10-year German government bunds and US Treasuries provided some evidence that the de-coupling process was under way.

The semi-annual yield spread between US Treasuries and bunds went as high as 85 basis points yesterday before stabilising around 76 basis points. This compared with 59 basis points last Thursday and 15 basis points on March 23, Mr Islam said.

■ Hopes that the Bundesbank would today announce a further cut in its repo rate contributed to the rise in bund prices yesterday. The market expects the central bank to cut up to three basis points off the rate which currently stands at 5.76 per cent.

Speculation was also growing that the Bundesbank might cut its discount rate at its next central council meeting on April 14, traders said.

The June contract of the bund future on Liffe recovered from a low of 95.90 to touch the day's best level of 96.95. In the late afternoon the contract traded at 96.90, up 0.13 point on the day.

■ UK gilts failed to end the day in positive territory despite the recovery in the afternoon. The June contract of the long gilt future on Liffe traded at $107\frac{23}{32}$ in the late afternoon, down $\frac{15}{32}$ on the day but off the day's low of $106\frac{9}{16}$ and close to the day's high of $107\frac{15}{16}$.

Mr Islam, at Merrill Lynch, said the afternoon recovery had prompted some volatility in the yield differential between gilts and bunds. The spread fluctuated between 120 and 140 basis points during the day.

■ News in the late afternoon that Mr Silvio Berlusconi had suspended talks with his Northern League election allies on forming a government sent Italian government bond futures into a tailspin.

The June contract of the 10-year Italian government bond future on Liffe dropped by 0.83 point to 112.01 just minutes after the news flashed across trading screens.

Before the news broke, the contract had stabilised around 112.70, down 0.14 point from Thursday's close, after a day of volatile trading which had seen a high of 113 and a low of 111. Analysts said that foreigners were likely to stay away from the market until the political worries subsided.

# UK falls to foot of fixed-income table

By Antonia Sharpe

The UK was the worst performer of the world's leading fixed-income markets during the first quarter of this year, weighed down by fears of rising inflation and diminishing prospects for an early cut in base rates.

According to data supplied by J. P. Morgan Securities, UK government bonds (gilts) showed a negative return of 6.68 per cent in local currency terms from January to March, far outpacing a loss of 2.74 per cent in the European index and a loss of 2.86 per cent in the global index.

Last month alone, gilts fell by 3.2 per cent, the second-worst performance after Canadian government bonds which lost 4.65 per cent. Most government bond markets fell for the second month in March as a result of the rise in US interest rates and the liquidation of long positions by highly-leveraged international investors.

Politics helped to push the Italian government bond market to the top of the local currency performance tables with a return of 1.52 per cent in March and a negative return of just 0.12 per cent over the first quarter.

The election victory of Mr Silvio Berlusconi's right-wing alliance bolstered both the lira and the local bond market.

# CBoT to launch Canadian bond futures trade

By Laurie Morse in Chicago

The Chicago Board of Trade, best known for its US Treasury bond futures and options contracts, plans to launch futures and options on 10-year Canadian government bonds on Friday. The contracts will compete directly with Canadian bond futures traded at the Bourse de Montreal.

The CBoT said the Canadian bond futures could lead to the launch of other foreign bond contracts. The Chicago exchange is betting that its large number of financial futures traders will give its Canadian contracts an edge over the Montreal version. However, it would be unusual for Chicago to be successful in winning the Canadian business.

# Lire deals provide focus for investor interest

By Sara Webb

The high-yielding European currency sectors provided the main talking point in the international bond market yesterday, sporting a handful of new issues in Greek drachma and Italian lire.

### INTERNATIONAL BONDS

However, in general, the volatile bond market background continued to deter many borrowers and investors, and syndicate officials predict that new issue activity is likely to remain subdued for a while.

Following the outcome of the Italian general election last month, syndicate officials claim there is "some retail interest" in the lira sector, although many of them believe that yesterday's two lira deals were driven mainly by favourable swap opportunities rather than strong investor demand for Eurolira paper.

The International Finance Corporation, the private sector arm of the World Bank, launched a L150bn, 10-year deal with a coupon of 8.625 per cent. BNL, the lead manager, said investors were attracted by the borrower's triple-A credit rating and the relatively high coupon, as the yield at net fees was 8.79 per cent.

Syndicate officials said market conditions were tricky yesterday, with many of the European government bond markets opening lower after the Bank Holiday weekend in response to the sharp decline in the US. But BNL said it expected to see further new issues in the Eurolira sector given the favourable arbitrage opportunities.

GECC reopened its existing five-year Eurolira deal with a 7.375 per cent coupon, adding a further L100bn to the existing L250bn issue which was launched at the beginning of January.

The IFC also tapped the Greek drachma sector with the third Eurobond issue to be denominated in this high-yielding currency. The Dr10bn, five-year bond issue has a coupon of 15.25 per cent and was aimed primarily at retail investors who are hungry for high-coupon bonds. The bonds were launched at a price of 100.875 and traded up to 101.50-102.00 by late afternoon. So far, the EIB and the World Bank have issued bonds in the Greek currency, and the European Bank for Reconstruction and Development is rumoured to be considering tapping this sector.

Tele 2000, a Peruvian cellular telephone and cable TV company, launched the first Euroconvertible bond for a Peruvian name, with a $40m, three-year issue. The bonds will be convertible into ADRs according to Bankers Trust, the lead manager.

### NEW INTERNATIONAL BOND ISSUES

| Borrower | Amount m. | Coupon % | Price | Maturity | Fees % | Spread bp | Book runner |
|---|---|---|---|---|---|---|---|
| **US DOLLARS** | | | | | | | |
| Tele 2000(a)§ | 40 | 9.75# | 100.00 | Apr.1997 | 3.50 | - | Bankers Trust Intl. |
| **YEN** | | | | | | | |
| Merrill Lynch & Co.(b) | 40bn | 3.50 | 100.15 | Jul.1997 | 0.25 | - | Merrill Lynch Intl. |
| **ITALIAN LIRE** | | | | | | | |
| International Finance Corp.(c) | 150bn | 8.625 | 100.80 | May.2004 | 1.875 | - | Banca Nazionale de Lavoro |
| General Electric Capl.Corp.(d) | 100bn | 7.375 | 97.325 | Feb.1999 | 1.875 | - | JP Morgan Securities |
| **DRACHMAS** | | | | | | | |
| International Finance Corp. | 10bn | 15.25 | 100.875 | May.1999 | 1.625 | - | UBS |

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. §Convertible. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Convertible from Apr.95 - Apr.97 into ADR's at $3.69. b) Short 1st coupon. c) Long 1st coupon. d) Fungible with outstanding L250bn. Plus 78 days accrued.

# News Corp softens preference position

By Antonia Sharpe

Pressure from the International Securities Market Association (Isma), the Eurobond market's trade association, appears to have forced News Corporation to soften its stance in a complicated dispute with holders of its preference shares.

Isma said in a statement that "we understand from Messrs Allen & Overy, London, that anybody who has suffered loss by reason of the notices inserted in the financial press in December 1993 relative to the dividend declared by Pearson of shares in Royal Doulton should write to Allen & Overy, 9 Cheapside, London EC2V 6AD (for the attention of J. Horsfall Turner) specifying the nature of the loss sustained and the basis of the claim, at which point it will be possible for News Corporation to consider the claim in detail".

The statement added that "News Corporation ... takes the matter seriously and responsibly and that any claims made will be given full consideration by News Corporation Limited". News Corp declined to comment.

The notices published by News Corp in December said holders of its preference shares, exchangeable for shares which News Corp held in Pearson, would also get Royal Doulton shares when exercising their exchange right. However, News Corp, the media, film and publishing group, issued another notice in February which said they were not entitled to around £15m ($21.9m) worth of shares in Royal Doulton, the fine china manufacturer demerged last year from Pearson. News Corp's about-turn prompted Isma to state publicly at the end of February that it was investigating the matter.

## WORLD BOND PRICES

### BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Day's change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| Australia | | 9.500 | 08/03 | 108.3600 | −1.920 | 8.20 | 7.17 | 6.90 |
| Belgium | | 7.250 | 04/04 | 100.7200 | +0.100 | 7.15 | 7.39 | 6.96 |
| Canada * | | 6.500 | 06/04 | 88.3000 | −1.050 | 8.22 | 7.84 | 7.21 |
| Denmark | | 7.000 | 12/04 | 100.9000 | +0.450 | 6.87 | 7.06 | 6.68 |
| France | BTAN | 8.000 | 05/98 | 107.3750 | +0.100 | 5.76 | 5.76 | 5.42 |
| | OAT | 5.500 | 04/04 | 92.9500 | −0.100 | 6.48 | 6.61 | 6.29 |
| Germany | | 6.000 | 09/03 | 97.9200 | +0.060 | 6.29 | 6.38 | 6.26 |
| Italy | | 8.500 | 01/04 | 97.2700 | −0.600 | 8.92† | 9.38 | 9.17 |
| Japan | No 119 | 4.800 | 06/99 | 106.8600 | +0.550 | 3.28 | 3.45 | 3.66 |
| | No 157 | 4.500 | 06/03 | 104.4570 | +0.260 | 3.84 | 4.11 | 4.01 |
| Netherlands | | 5.750 | 01/04 | 95.4800 | −0.100 | 6.39 | 6.54 | 6.19 |
| Spain | | 10.500 | 10/03 | 109.1500 | +1.150 | 9.01 | 9.04 | 8.66 |
| UK Gilts | | 6.000 | 08/99 | 94-28 | −12/32 | 7.17 | 7.20 | 6.44 |
| | | 6.750 | 11/04 | 94-10 | −12/32 | 7.54 | 7.91 | 7.07 |
| | | 9.000 | 10/08 | 110-27 | −23/32 | 7.75 | 7.98 | 7.25 |
| US Treasury * | | 5.875 | 02/04 | 92-01 | −35/32 | 7.01 | 6.59 | 6.38 |
| | | 6.250 | 08/23 | 87-13 | −43/32 | 7.30 | 6.98 | 6.85 |
| ECU (French Govt) | | 6.000 | 04/04 | 93.5000 | −0.250 | 6.92 | 7.03 | 6.74 |

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

### US INTEREST RATES

Lunchtime — Treasury Bills and Bond Yields

| | | | | | |
|---|---|---|---|---|---|
| | | One month | - | Two year | 5.63 |
| Prime rate | 6¼ | Two month | - | Three year | 5.98 |
| Broker loan rate | 5 | Three month | 3.90 | Five year | 6.58 |
| Fed.funds | 3½ | Six month | 4.18 | 10-year | 7.09 |
| Fed.funds at intervention | - | One year | 4.78 | 30-year | 7.34 |

### BOND FUTURES AND OPTIONS

**France**

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

| | Open | Sett price | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 122.80 | 123.64 | -0.20 | 123.88 | 122.74 | 158,512 | 127,922 |
| Sep | 122.10 | 122.90 | -0.20 | 122.84 | 122.10 | 786 | 13,152 |
| Dec | 121.40 | 121.40 | -0.20 | 121.40 | 121.40 | 2 | - |

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

| Strike Price | CALLS May | CALLS Jun | CALLS Sep | PUTS May | PUTS Jun | PUTS Sep |
|---|---|---|---|---|---|---|
| 123 | 1.47 | 1.84 | 2.07 | 0.89 | 1.24 | - |
| 124 | 0.90 | 1.24 | 1.65 | - | 1.87 | - |
| 125 | 0.47 | 0.81 | - | - | 2.23 | - |
| 126 | 0.20 | 0.52 | - | - | - | - |
| 127 | - | 0.27 | 0.81 | - | 3.64 | - |

Est. vol. total, Calls 34,881 Puts 21,286 . Previous day's open int., Calls 347,255 Puts 219,917.

**Germany**

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 96.10 | 96.84 | +0.07 | 96.96 | 96.00 | 95099 | 202148 |
| Sep | 96.10 | 96.53 | +0.07 | 96.30 | 96.10 | 236 | 5415 |

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

| Strike Price | CALLS Jun | CALLS Sep | PUTS Jun | PUTS Sep |
|---|---|---|---|---|
| 9650 | 1.28 | 1.59 | 0.94 | 1.56 |
| 9700 | 1.00 | 1.35 | 1.16 | 1.82 |
| 9750 | 0.78 | 1.13 | 1.42 | 2.10 |

Est. vol. total, Calls 8797 Puts 6629. Previous day's open int., Calls 276754 Puts 237601

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 100.73 | 100.96 | +0.13 | 100.73 | 100.73 | 40 | 2387 |

**Italy**

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 111.85 | 112.65 | +0.01 | 113.00 | 111.00 | 44401 | 94152 |
| Sep | - | 112.50 | +0.01 | - | - | 0 | 229 |

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

| Strike Price | CALLS Jun | CALLS Sep | PUTS Jun | PUTS Sep |
|---|---|---|---|---|
| 11250 | 2.24 | 3.10 | 1.89 | 3.10 |
| 11300 | 2.00 | 2.88 | 2.15 | 3.38 |
| 11350 | 1.72 | 2.64 | 2.37 | 3.64 |

Est. vol. total, Calls 671 Puts 1858. Previous day's open int., Calls 77408 Puts 77256

**Spain**

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

| | Open | Sett price | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 98.20 | 98.16 | +0.96 | 99.19 | 98.20 | 52,233 | 97,998 |
| Sep | - | 99.96 | - | - | - | - | - |

**UK**

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 107-13 | 107-23 | -0-15 | 108-00 | 106-18 | 64034 | 148181 |
| Sep | - | 106-29 | -0-10 | - | - | 0 | 109 |

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

| Strike Price | CALLS Jun | CALLS Sep | PUTS Jun | PUTS Sep |
|---|---|---|---|---|
| 107 | 2-23 | 2-51 | 1-41 | 2-57 |
| 108 | 1-53 | 2-22 | 2-07 | 3-28 |
| 109 | 1-25 | 1-61 | 2-43 | 4-03 |

Est. vol. total, Calls 2880 Puts 1961. Previous day's open int., Calls 90703 Puts 72932

**Ecu**

■ ECU BOND FUTURES (MATIF)

| | Open | Sett price | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 89.30 | 89.90 | -0.22 | 89.90 | 89.28 | 1,775 | 6,142 |

**US**

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

| | Open | Latest | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 103-11 | 103-22 | +0-14 | 104-12 | 103-09 | 434,884 | 394,301 |
| Sep | 102-14 | 102-25 | +0-14 | 103-15 | 102-13 | 3,311 | 43,915 |
| Dec | 101-26 | 101-23 | +0-24 | 102-01 | 101-21 | 30 | 1,168 |

**Japan**

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

| | Open | Close | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 112.26 | - | - | 112.28 | 112.05 | 1383 | 0 |

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

### FT-ACTUARIES FIXED INTEREST INDICES

| Price Indices UK Gilts | Tue Apr 5 | Day's change % | Thu Mar 31 | Accrued interest | xd adj. ytd | | Low coupon yield Apr 5 | Mar 31 | Yr. ago | Medium coupon yield Apr 5 | Mar 31 | Yr. ago | High coupon yield Apr 5 | Mar 31 | Yr. ago |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 Up to 5 years (24) | 124.61 | −0.33 | 125.02 | 2.03 | 2.68 | 5 yrs | 7.23 | 7.10 | 6.72 | 7.47 | 7.33 | 6.96 | 7.61 | 7.45 | 7.20 |
| 2 5-15 years (23) | 148.04 | −0.51 | 148.79 | 1.81 | 4.03 | 15 yrs | 7.67 | 7.59 | 7.76 | 7.77 | 7.70 | 8.21 | 8.02 | 7.97 | 8.45 |
| 3 Over 15 years (9) | 166.78 | −0.86 | 168.23 | 1.68 | 3.53 | 20 yrs | 7.77 | 7.68 | 8.01 | 7.77 | 7.70 | 8.36 | 7.96 | 7.90 | 8.52 |
| 4 Irredeemables (6) | 192.10 | −1.41 | 194.85 | 3.59 | 1.47 | Irred.† | 7.92 | 7.80 | 8.38 | | | | | | |
| 5 All stocks (62) | 144.50 | −0.52 | 146.26 | 1.90 | 3.48 | | | | | | | | | | |

| Index-linked | Tue Apr 5 | Day's change % | Thu Mar 31 | Accrued interest | xd adj. ytd | | Inflation 5% Apr 5 | Mar 31 | Yr. ago | Inflation 10% Apr 5 | Mar 31 | Yr. ago |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 6 Up to 5 years (2) | 185.00 | +0.01 | 184.99 | 0.04 | 2.53 | Up to 5 yrs | 3.21 | 3.21 | 2.24 | 2.30 | 2.29 | 1.38 |
| 7 Over 5 years (11) | 180.25 | −0.02 | 180.29 | 0.82 | 1.29 | Over 5 yrs | 3.41 | 3.41 | 3.41 | 3.23 | 3.23 | 3.23 |
| 8 All stocks (13) | 179.85 | −0.02 | 179.88 | 0.74 | 1.41 | | | | | | | |

| Debentures and Loans | Tue Apr 5 | Day's change % | Thu Mar 31 | Accrued interest | xd adj. ytd | 5 year yield Apr 5 | Mar 31 | Yr. ago | 15 year yield Apr 5 | Mar 31 | Yr. ago | 25 year yield Apr 5 | Mar 31 | Yr. ago |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 9 Debs & Loans (73) | 135.21 | −1.07 | 136.67 | 2.11 | 3.27 | 8.87 | 8.70 | 8.61 | 8.90 | 8.75 | 8.31 | 8.91 | 8.79 | 9.50 |

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

### FT FIXED INTEREST INDICES

| | Apr 5 | Mar 31 | Mar 30 | Mar 29 | Mar 28 | Yr ago | High* | Low* |
|---|---|---|---|---|---|---|---|---|
| Govt. Secs. (UK) | 96.82 | 97.56 | 96.64 | 95.87 | 96.81 | 96.92 | 107.04 | 96.30 |
| Fixed Interest | 116.34 | 116.96 | 115.14 | 115.45 | 117.78 | 112.78 | 133.87 | 115.14 |

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94) , low 50.53 (3/1/75) . Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

### GILT EDGED ACTIVITY INDICES

| | Mar 31 | Mar 30 | Mar 29 | Mar 28 | Mar 25 |
|---|---|---|---|---|---|
| Gilt Edged bargains | 103.0 | 132.0 | 120.8 | 103.1 | 115.7 |
| 5-day average | 114.3 | 124.2 | 117.2 | 112.5 | 110.8 |

## FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:55 pm on April 5

| | Issued | Bid | Offer | Chg. | Yield |
|---|---|---|---|---|---|
| **U.S. DOLLAR STRAIGHTS** | | | | | |
| Abbey Natl Treasury 6½ 03 | 1000 | 92 | 92¼ | -1⅞ | 7.75 |
| AlbertaProvince 8⅞ 95 | 600 | 105¼ | 105½ | -⅛ | 5.71 |
| Austria 8½ 00 | 400 | 106⅛ | 106½ | -1⅛ | 7.16 |
| Bank of Tokyo 8⅝ 96 | 100 | 104 | 104⅝ | -⅝ | 6.17 |
| Belgium 9⅝ 98 | 250 | 109⅝ | 110¼ | -1⅛ | 6.66 |
| BFCE 7¾ 97 | 150 | 103⅞ | 103⅞ | -1 | 6.44 |
| British Gas 0 21 | 1500 | 11¼ | 11½ | | 8.24 |
| [illegible] | | | | | |
| United Kingdom 7¼ 97 | 5500 | 104¼ | 104⅞ | +⅛ | 5.78 |
| Volkswagen Intl Fin 7 03 | 1000 | 100½ | 101 | | 6.92 |
| World Bank 0 15 | 2000 | 26¾ | 27⅛ | +⅛ | 8.26 |
| World Bank 5⅞ 03 | 3000 | 96¾ | 96⅞ | +¼ | 6.40 |
| World Bank 8¾ 00 | 1250 | 112⅝ | 113⅛ | -½ | 6.18 |
| **SWISS FRANC STRAIGHTS** | | | | | |
| Asian Dev Bank 6 10 | 100 | 108 | 108½ | | 5.26 |
| [illegible] | | | | | |
| Abbey Natl Treasury 8 03 £ | 1000 | 98 | 98⅞ | -½ | 8.32 |
| Alliance Leics 11⅛ 97 £ | 100 | 110⅜ | 110⅝ | -⅜ | 7.46 |
| British Land 8⅞ 23 £ | 150 | 92⅝ | 93⅛ | -⅞ | 8.86 |
| EIB 10 97 £ | 637 | 106⅞ | 107⅛ | -⅝ | 7.28 |
| Halifax 10⅜ 97 £ | 100 | 107⅜ | 107¾ | -¼ | 7.45 |
| Hanson 10⅜ 97 £ | 500 | 107¼ | 107¾ | -¼ | 7.92 |
| HSBC Holdings 11.69 02 £ | 153 | 116 | 116⅜ | -½ | 8.87 |
| Italy 10½ 14 £ | 400 | 115⅝ | 116 | -½ | 8.81 |
| [illegible] | | | | | |

## UK GILTS PRICES

| Notes | Yield Int | Yield Red | Price £ | + or - | 1994 High | 1994 Low |
|---|---|---|---|---|---|---|
| Shorts" (Lives up to Five Years) | | | | | | |
| [illegible] | | | | | | |

Other Fixed Interest

[illegible]

# Reorganised IBC improves

By Paul Taylor

International Business Communications (Holdings), the newsletter publishing, conference and electronic data services group, reported a solid increase in underlying operating profits in 1993, while pre-tax profits of £43.1m were swollen by a £38.2m one-off profit on the redemption of senior loans.

As expected, IBC is returning to the dividend list with a 2p payment. The shares closed 21p higher at 207p.

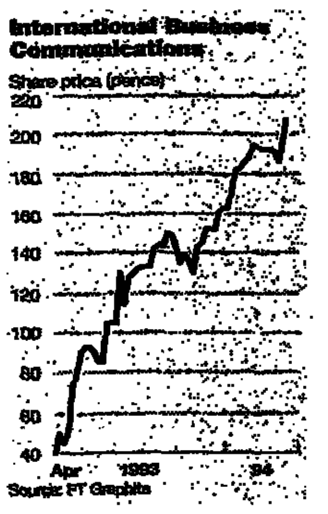
The group has undertaken a substantial reorganisation in recent years including a reconstruction of its balance sheet partly through a £20m placing and open offer successfully competed in July last year.

As a result Mr Peter Rigby, chief executive, said that IBC was now "a normal company". He said the reduction in the debt burden, which fell from £76.4m to £14.5m at end-December, "means that a very real obstacle to the group's future progress and well being has been removed".

Peter Rigby: debt reduction essential for future progress

Turnover rose by 9.2 per cent to £60.5m (£55.4m) and operating profits were ahead 23 per cent at £7.51m, reflecting "considerable progress both in overall terms and in operating margins".

Net continuing interest payments fell to £1.42m (£2.54m), producing profits on ordinary activities of £6.09m (£3.58m). However, there was non-continuing debenture interest of £1.27m (£2.83m) and the exceptional £38.2m profit, resulting in the inflated full-year pre-tax result against £752,000 in 1992.




Source: FT Graphite

Earnings per share increased to 163p (5.3p). However, Mr Rigby suggested that the 49 per cent increase in adjusted headline earnings to 13p (8.7p) represented "a more relevant performance indicator".

● **COMMENT**

IBC's underlying performance was somewhat ahead of market expectations and highlights the group's capacity to generate cash and profits from its two core businesses. The balance sheet reconstruction has resulted in a level of debt which the group can well afford to service and long suffering shareholders have been rewarded with a resumption of dividends. Providing the upturn in evidence in the final quarter is sustained, pre-tax profits of about £7.3m are likely and, with a tax charge which is likely to remain at about the 18 per cent level, earnings of about 15p per share are expected. The shares have climbed from a low of 45p a year ago, but could still go higher.

## NEWS DIGEST

### Frank G Gates leaps to £2.1m

Frank G Gates, motor dealer, more than doubled pre-tax profits from £886,000 to £2.1m in 1993. Turnover grew 35 per cent to £76.5m, mainly due to increased sales of new and used vehicles.

Mr Edward Gates, chairman, said the second half turned out to be similar to the first six months. Gross profits, however, rose only 15 per cent due to lower margins on new vehicle sales.

Earnings per share advanced from 3.65p to 6.45p, while the dividend is stepped up from 2.25p to 2.75p.

### A Beckman

Profits at A Beckman, the textile and property group, rose from £342,000 to £507,000 pre-tax for the half year ended December 31.

Turnover totalled £10.4m (£5.73m). Earnings emerged at 2.9p (2.2p) and the interim dividend is a same-again 1.2p.

In the opening quarter of 1994, the company experienced a collapse in retail demand for clothing produced by its UK customers, resulting in a "significantly lower" volume of turnover.

The shares fell 5p to 56p yesterday.

### Home Counties

Pre-tax profits of Home Counties Newspaper Holdings fell from a restated £863,000 to £459,000 in the year to end-December.

The outcome was struck on turnover up from £22.9m to £24m. Earnings per share came out at 4.59p (8.36p) and a proposed final dividend of 2.5p (3.25p) gives a total of 4.5p (6p).

### Thompson Clive

Diluted net asset value of Thompson Clive Investments rose by some 9 per cent, from 188p to 206p per share, over the 1993 year.

By end-March the value had improved to 222p.

During the year, the investment company realised £3.18m from investments with an original value of £2.14m. At the year-end, the portfolio comprised 35 investments in the UK, US and France.

Pre-tax profits were £715,000 (£565,000). Earnings per share emerged at 4.3p (3.5p) and the single dividend is held at 3.8p.

### Clarke Nickolls

Following the approval by shareholders late last year for a restructuring and the acquisition of some income-producing properties, Clarke, Nickolls & Coombs ended the year to December 31 with a pre-tax profit of £99,000.

That compared with a deficit of £711,000 and came from turnover up from £3m to £3.78m. Earnings emerged at 0.48p (2.5p losses).

There is no dividend. The last pay-out was in 1991.

### Tamaris

Tamaris plans to raise £2.5m, net of expenses, through a 5-for-4 rights issue to fund the purchase of additional nursing homes in Northern Ireland and East Sussex, and a potential development site in Bristol.

A total of 151.26m new ordinary shares at 2p each will be issued, fully underwritten by Teather & Greenwood, the stockbroker. At the same time, Tamaris is disposing of its Westbury, Hampshire, nursing home for £750,000 cash.

The company plans to pay £1.63m cash for the 63-bed Lisnisky nursing home in Northern Ireland and £875,000 in a cash and shares deal for the 30-bed Lydfords nursing home in East Sussex.

The Bristol site is being acquired in exchange for 7m new ordinary shares.

### Bletchley Motor

An all-round improvement was reported by Bletchley Motor Group, with pre-tax profits rising by 45 per cent from £1.23m to £1.77m in the 1993 year.

The advance was achieved on turnover almost 20 per cent ahead to £84.4m. Earnings emerged at 24.7p (19.6p) and a proposed final dividend of 5.1p makes a 9.85p (8.8p) total.

### Owners Abroad

Details of the annual meeting of Owners Abroad were incorrect in yesterday's FT. It will be held tomorrow at Farmers & Fletchers' Hall, 3 Cloth St, London, EC1.

# Smiths Industries $32m US expansion

By Tim Burt

Smiths Industries yesterday said it was expanding its industrial division with the $32m (£21.6m) cash acquisition of Tutco, the US heating element manufacturer.

The privately-owned Tennessee-based group is expected to complement the division's air conditioning and ducting operations.

Mr Roger Hurn, chairman, said: "Recent acquisitions have given our industrial group a strong focus in the heating and ventilation markets. Tutco fits in well with these existing businesses."

Those subsidiaries are dominated by Vent-Axia, the fan company acquired for £58m in December 1992.

An enlarged industrial division, however, is unlikely to overtake Smiths' main medical systems and aerospace activities.

In the 12 months to July 31 last year, the division contributed £21m to pre-tax profits of £104.6m and accounted for £152m of the £725.8m turnover.

Smiths predicted Tutco, which employs 360 people and produces more than 5m heating elements a year, would boost divisional turnover by 14 per cent.

# Readicut sells Firth group to Swiss for £9.8m

Readicut International has sold Firth Furnishings, a maker of car carpets, and its subsidiary, Firth Europe, to Rieter-Scragg, part of Rieter Holding, a Swiss-based group, for £9.8m cash.

Total net borrowings of the companies at the end of March were about £6.5m. The freehold property occupied by Firth and its textile bonding business have been retained by Readicut, but Firth will continue to use the property under lease from Readicut.

The sale proceeds will be used to reduce borrowings.

# Buoyant US demand behind Quarto advance

By Tim Burt

Buoyant US demand last year for books and art prints fuelled a 46 per cent increase in profits at Quarto Group, the publishing and printing services company.

Reporting a pre-tax outcome of £5.02m (£3.42m) for 1993, the US-registered group hailed signs of economic upturn in its markets – particularly North America – as the main factor behind the improvement.

Although the 1992 results were restated to reflect £551,000 of exceptional charges, underlying profits rose 26 per cent from a restated £3.97m.

Turnover also rose 26 per cent as contributions by new subsidiaries helped lift group sales to £49.6m (£39.4m).

Those subsidiaries were dominated by Scafa, the US publisher of fine art prints, which Quarto acquired last September with an initial £2.9m payment.

The acquisition, funded by a £9.5m rights issue, meant art market sales now accounted for more than a third of group turnover.

Funds outstanding from the issue were used to reduce net borrowings from £7.4m to £3.4m, and gearing declined from 91 per cent to 27 per cent.

While welcoming the figures, Mr Laurence Orbach, chairman, said: "Margins, both at the gross and pre-tax level, have deteriorated slightly. Pressure on prices remains intense and we and our suppliers have to adjust to working in a low inflation and low growth environment".

He claimed the group's best prospects lay in further expansion in the US, where it has allocated $5m (£3.4m) for acquisitions by Scafa. "US sales have increased from 42 per cent of turnover to 50 per cent, and we expect it to stay above that level," he added.

That growth helped earnings per share rise 20 per cent to 19.7p (16.4p), while the final dividend is increased to 4p, making a total of 6p (5.37p).

4p (3.76p), making a total for the year of 6p (5.37p).

# Outsiders get foot in Burtons' doors

By Neil Buckley

After more than 90 years in the tailoring business, Burtons is contracting out its suits departments to an outside company in 350 of its 422 stores.

Burtons, the men's wear chain of Burton Group, is close to agreement with William Baird, which manufactures suits under the Centaur label, to take over selling suits in the stores on a concession basis.

While details of the deal are still to be agreed, Baird is expected to manufacture all the stock and employ all the sales staff, with Burtons receiving a portion of the takings.

Baird has been operating suits concessions in the group's Debenhams chain for some years. Burtons says selling suits requires high levels of staff training and customer service, which concessions are better able to provide.

Concessions also achieve higher sales per square foot, and better profit margins.

The move reflects a shift to a more casual clothing range in Burtons stores – the proportion of its sales accounted for by suits has fallen to about a third of the level in the early 1980s, and its smaller stores do not have suits departments.

The suit market has shrunk by about a third in the past two years, principally because of recession and a shift towards the wearing of casual clothing, especially at work.

## DIVIDENDS ANNOUNCED

| | | Current payment | Date of payment | Corres-ponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|---|
| Beckman (A) | int | 1.2 | June 9 | 1.2 | - | 3.58 |
| Bletchley Motor | fin | 5.1† | June 9 | 4.4 | 9.85 | 8.8 |
| Gates (Frank G) | fin | 2.75 | July 5 | 2.25 | 2.75 | 2.25 |
| Home Counties | fin | 2.5 | May 20 | 3.25 | 4.5 | 6 |
| IBC | fin | 2 | May 27 | nil | 2 | nil |
| Norish | fin | 7‡ | May 24 | 7 | 11.47 | 11.47 |
| Quarto | fin | 4† | June 14 | 3.76 | 6 | 5.37 |
| Severfield § | fin | 0.25 | May 31 | nil | 0.5 | nil |
| Stylo | fin | 4 | Oct 1 | 3 | 4 | 3 |
| Thompson Clive | fin | 3.8 | June 6 | 3.8 | 3.8 | 3.8 |

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ‡Irish pence.

# Allied Radio restructure and rights

By David Blackwell

Allied Radio, the lossmaking broadcaster to Surrey, Sussex and Hampshire, yesterday announced plans to reconstruct its share and loan capital and make a rights issue.

The shares were suspended at 10½p. The company said detailed proposals would be contained in a circular expected to be sent to shareholders in the next few days, together with the accounts for the year ending September 30.

Last July, when reporting a pre-tax loss of £1.17m on turnover of £2.25m, the company said it was considering a reconstruction of the balance sheet, including the conversion of loan stock and the elimination of the negative balance on the profit and loss account.

At present the company is capitalised at £9.6m, including £4.75m worth of convertible unsecured loan stock. Interest on the loan stock due at March 31 will not be paid, but will be taken into account in the reconstruction.

The company said "a significant number" of institutional shareholders and stock holders had indicated support for its proposals.

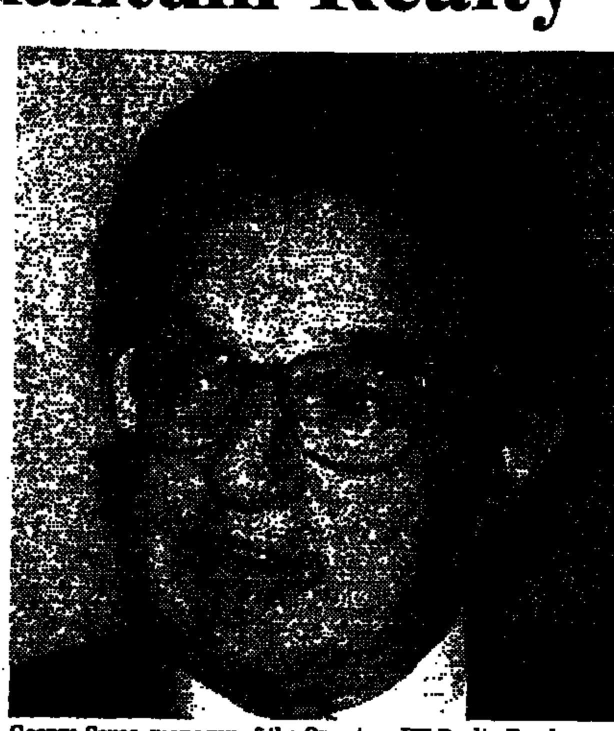
# British Land completes property transfer deal with Quantum Realty

By Vanessa Houlder, Property Correspondent

British Land, the property company, and Quantum UK Realty Fund, which is managed by Mr George Soros, the financier, have completed the transfer of 17 properties into their jointly-owned British Land Quantum Property Fund.

Taken together with a £128m acquisition of a portfolio from Royal Insurance, announced last month, and the purchase of a 29.9 per cent stake in Stanhope Properties, this brings the total invested in the property fund to £400m.

The 17 properties in the portfolio include six office buildings – the 104,000 sq ft Orchard Brae House in Edinburgh, the 19,000 sq ft Weltech Centre in Welwyn Garden City, the 266,000 sq ft Temple Court in Birmingham, which is under construction, the 27,000 sq ft Woodlands Court offices in Burgess Hill, the 230,000 sq ft Legal & General House in Reigate and the 106,000 sq ft York House in London's West End.



George Soros, manager of the Quantum UK Realty Fund

The retail component of the portfolio includes the 733,000 sq ft Eastgate Shopping Centre in Basildon. It also has a retail warehouse in Tunbridge Wells, three Tesco supermarkets in Bromley-by-Bow, Finchley and Sevenoaks; a pre-let retail warehouse development in Reading and a Do It All retail warehouse in Reading.

The portfolio also includes the 122,000 sq ft United Biscuits distribution centre in Ashby de la Zouch, a 77,000 sq ft industrial warehouse complex in Middlesex and the Battersea Flour Mill, a 2.2 acre development site.

British Land has also announced that it would satisfy part of its payment to Royal Insurance by the procurement from the market of 2m British Land shares at a price of 413p.

Completion of this share purchase is expected to take place on April 25, the same day as the purchase of the property portfolio.

# Eager to pluck the tempting cherry

## Andrew Jack on why Arthur Andersen wants a merger with BDO Binder Hamlyn

When Mr Jim Wadia became managing partner of Arthur Andersen, the UK's fourth largest accountancy firm, in September last year, he set to work immediately on his plans for expansion.

Seven months later – and sooner than he might have wished – his target became publicly known: a proposed merger with BDO Binder Hamlyn, the eighth largest firm.

The idea, which Binder partners are debating this week, provides some insights into the structure of the two firms and the state of the UK accountancy profession overall.

Last summer Andersen released fee income figures of £388.6m which helped it to jump up the league table of the largest firms to become fourth biggest and only £2m below Ernst & Young, the third in size.

It was also the only firm to report growth among the "Big Six" – up by 17.4 per cent.

However, Andersen remains frustrated. The UK – as well as Japan and Germany – were the three areas where the firm's presence in significant economies was limited. This reflected a history of later development in these – sometimes heavily regulated – countries.

Andersen, the only Big Six firm to start in the US rather than the UK, began operating in the UK only in the 1950s.

It also irritates the firm that rivals often point out that the bulk of Andersen's UK business derives from its consulting arm rather than from core audit, tax and accounting work.

In addition, Andersen missed out on much of the fee income garnered by its rivals for advice on privatisation and other government work during the 1980s.

The reason was its audit of De Lorean, the fraudulent sports car manufacturer in Northern Ireland, in which the government invested substantial sums and then sued the auditor in an attempt to gain redress. Andersen has had no public contracts since then.

Binder, therefore, was a logical target for Mr Wadia. Growth by acquisition would allow Andersen to expand most quickly. Below the Big Six, the next largest firm is Grant Thornton, which has a specialist niche concentrating on owner-managed businesses. After that comes Binder, modelled far more closely on the Big Six structure.

It is one of the last tempting cherries for the larger firms, which are increasingly monopolising work for quoted companies of any size. Certainly Andersen sees its future non-organic growth coming from individual partners and small practice specialisms from other firms.

Mr Wadia viewed Binder as tempting because it still has a large and loyal client base with more than 100 quoted companies of note and some highly regarded professionals and partners. It also has what Andersen does not: a private client base and significant government work.

Although Binder has periodically been subject to rumours about its financial strength it is now said to be profitable. It has certainly proved tempting to other firms, which have periodically held talks for a possible merger.

Mr Wadia wanted to take the initiative. He also reasoned that Binder's advantages could not last as growing competition between the larger firms began to erode its client base. Between 1992 and 1993, Binder dropped from seventh to eighth place by income, with a drop of 5.2 per cent to £108.5m. It has also failed to diversify as far as other practices, with audit a high 60.5 per cent of fee income, and relatively underdeveloped insolvency and consulting arms.

These tentative conclusions formed the basis for a recommendation to the senior executives of the firm in Europe and the US who gave Mr Wadia approval to go ahead in February. That led to his discussions with a core group of Binder partners, and a formal offer last month.

What Mr Wadia had perhaps not fully known was how differently structured Binder is to Andersen. There are 11 regional partnerships, each jealously guarding their independence from one another. Press reports of Mr Wadia's approach before some of these regional managing partners were even aware of the bid cannot have helped.

In the next few days, each of the regional partnerships will be presented with a heads of agreement document fleshing out the proposals, and will be asked to vote for it. There will also be a vote of its 220 national partners, to determine issues such as who will be able to use the Binder name. Still under negotiation are topics such as how the costs of potential future litigation against the firm will be spread, and the terms on which Binder partners would join Andersen – notably, how many will become full partners in Andersen's worldwide organisation.

While Binder claims that there will be no significant job losses, some fall-out is inevitable. Andersen is highly profitable for partners because its leverage is so high. The professional-to-partner ratio is the highest among all the UK's accountants at 15. Binder's is one of the lowest, at 7.4.

For Andersen too, the merger will not be easy. It will be faced with integrating a large firm formed through a series of mergers and with very different traditions and culture. Most of its own professionals have by contrast worked all their lives for Andersen. One exception is Mr Wadia himself, who trained as a barrister before joining the firm as a tax specialist.

If the merger goes ahead, Andersen will also have to be careful not to alienate key Binder partners who have close relationships with clients, which they may take away with them if they leave.

As a result, Andersen has been careful to offer Binder the chance, at least initially, to retain its name and identity in a merged firm. Binder is telling its clients that there will be no material changes to staffing, costs or its approach. Quite how this will work in practice remains to be seen.

The merger may prove too difficult for some of the smaller firms in the Binder network who want to maintain their independence.

Nonetheless, Binder's largest and most important regional firms – London and Leeds, Manchester, Birmingham and Newcastle – have indicated their enthusiasm, and Andersen will be willing to proceed even if only London and Leeds wants to go ahead.

# Go-ahead for Courtaulds venture

By David Wighton

Courtaulds, the chemicals group, is to take a 72.5 per cent stake in the viscose and acrylic fibres joint venture with Hoechst of Germany, announced last May.

The final agreement, which had been awaiting approval by the competition authorities, includes put and call options exercisable after five years on Hoechst's 27.5 per cent stake. The joint venture becomes operational immediately.

Courtaulds is contributing 57 per cent of the joint venture's assets of £105m and 64 per cent of its annual turnover of £360m.

The joint venture will be the second largest producer in the European fibre industry, which has been suffering from overcapacity and Asian imports.

It will have about 30 per cent of the total viscose and 25 per cent of the total acrylic staple fibre capacity in Europe.

With its Courtelle brand name, Courtaulds is market leader in producer-dyed acrylic fibre in Europe.

The venture, which has a workforce of 2,450, takes in Courtaulds' viscose and acrylic fibre operations at Grimsby and Bradford in the UK and acrylic fibre operations at Barcelona together with Hoechst's viscose and acrylic fibre operations at Kelheim, Germany.

The joint venture will be headed by Mr Patrick White as chief executive.

# Buy-out at Excalibur jewellery subsidiary

By Maggie Urry

Excalibur Group, the precision engineering and giftware company, has agreed the sale of Premier Chain, its jewellery chain business, to a management buy-out.

The price is £1m, plus the repayment of a 45kg gold bullion loan, worth £375,200, and repayment of £748,000 of intercompany debt.

The deal, which is subject to shareholders' approval at a special meeting on April 21, follows the strategy Excalibur outlined at the time of its interim results in January when it said it would focus on its two main businesses and that jewellery was a non-core activity.

The sale will cut gearing, which stood at over 100 per cent in the last balance sheet, although net assets will fall slightly, from £9.6m to £9.4m as the business is being sold slightly below asset value of £1.23m.

As well as the proceeds of the sale, Excalibur will be relieved of funding Premier's working capital, which fluctuated sharply because of the seasonality of the business and moves in the gold price.

# Severfield-Reeve displays sharp recovery to £0.4m

Severfield-Reeve, the USM-traded structural steel group, swung from losses of £987,000 to profits of £407,000 pre-tax for 1993.

Turnover of continuing activities improved by 39 per cent to £21.7m. Earnings emerged at 2.19p (losses 5.53p) and a final dividend of 0.25p is proposed for a 0.5p (nil) total.

Margins in the second half were lower as a result of disruption to production caused by the installation of new equipment. However, the move enabled the group to raise production capacity by 25 per cent from October onwards, the "benefits of which will be seen in 1994 and beyond".

# Stylo returns to black with £2.6m

By David Blackwell

Stylo, which owns the Barratts chain of shoe shops, returned to the black in the year to January 29, exceeding City expectations with pre-tax profits of £2.55m.

This compared with losses of £746,000 last time, struck after a £1.33m gain from sales of fixed assets. The latest figure included an exceptional gain of £220,000.

Turnover increased to £116.5m (£105.5m). Operating profits doubled to £6.92m (£3.47m).

Mr Michael Ziff, managing director, said the group was concentrating on better products, improved merchandising and tighter control of expenses in its core areas – Barratts, Instep sportswear outlets, and the golf and equestrian wholesale business. During the year the group opened 25 new branches and closed six.

Net borrowings fell by £4m to £39.9m, and net interest payable dipped to £4.59m (£5.55m).

Earnings were 12.1p (losses of 4.01p). The single dividend is lifted to 4p (3p). A 1-for-2 scrip issue is also proposed.

# PEOPLE

## David Kendall to chair Meyer

Meyer International, the building products group which owns the Jewson chain of builders' merchants, has filled the vacancy created by Richard Jewson's decision to step down as chairman at the end of last year.

David Kendall, a former chief executive of BP Oil between 1985 and 1988 and chairman of Bunzl until September last year, was yesterday named as Meyer's non-executive chairman.

Kendall, 58, will take up his new post from the start of next month. He currently holds a number of non-executive directorships, including the chairmanships of Ruberoid and Whitecroft.

His appointment follows a board decision last year to split the roles of chairman and chief executive at Meyer, in line with the Cadbury committee recommendations. That decision led Richard Jewson to announce in September that he was stepping down as chairman and chief executive from the end of December.

At the time Jewson, who became chairman in 1991, explained that while he did not disagree with his board's decision to divide the two roles, he did not want to become a non-executive chairman, having worked "hands-on", nor did he wish to go back to being chief executive, his earlier post.

Jewson was succeeded as chief executive by John Dobby, managing director since October 1991. Yesterday Dobby said the board, which already includes three non-executive directors, had been able "to take its time" to appoint a new chairman and was "delighted" to have found David Kendall.

Donald Ford, 63, announced his retirement as a non-executive director following six years on the Meyer board and will be replaced in due course.

## Chambré picked for Bespak

Bob King is stepping down in the spring as chief executive of Bespak, the medical equipment manufacturer, as he will reach the company's retirement age of 65 in June. But he will be staying on as a fairly active chairman, assisting Peter Chambré, 38, the newly-appointed chief executive.

King says the company looked at a number of candidates to replace him, using the services of headhunter Norman Broadbent, but that Chambré "was the unanimous choice of the board. There comes a time when it's appropriate to take more of a back seat.

"We have some current problems, particularly in the US, so we needed someone who will make sure the business is looked after well," says King. Last December the company announced first-half profits down by 43 per cent at £2.88m, thanks largely to uncertainty in the US healthcare market. Bespak relies on one US company, US Surgical Corporation, for 23 per cent of its sales.

Chambré started his career in sales with Cadbury Schweppes, spending two years there before moving on to a five-year stint in various brand management roles with Unilever. He worked for Bain & Co for a further five years, then on to Cope Allman Packaging and, most recently, with Caradon.

■ **Colin Stanley**, director general of the British Printing Industries Federation, is leaving in September after more than six years with the federation.

Stanley, 57, says he believes there is a right length of time to spend in such a post. It is a source of satisfaction, he says, that he will be handing over to his successor a growing federation in good financial order and with its strategic objectives very clearly set. "However, I believe that it will benefit the BPIF, and its member companies, to have the refreshment that a new director general will bring."

The federation will shortly be seeking his successor.

■ **Eric Brightmore**, formerly group md of Aurora, has been appointed chief executive of TORDAY & CARLISLE on the resignation of Paul Torday.

■ **Alastair Dinwiddie**, formerly md of instrumentation and control at Whessoe, has been appointed md of the newly formed Mobrey Group at MEGGITT.

■ **John Stimson** has been appointed company secretary of BRAMMER on the retirement of Derek Nicholson.

■ **Ed Connolly** has been promoted to buying director and to the board of GATEWAY GROUP.

To Rudolph Agnew falls the job of leading Lasmo back from the wilderness. The struggling oil company, which recently passed its dividend, yesterday named Agnew to succeed Lord Rees who steps down as chairman next month.

Agnew is an experienced boardroom hand, of course. As chairman of Consolidated Gold Fields, he fought off the 1988 takeover bid by Minorco, only to agree a sale to Hanson, on whose board he subsequently sat. He has held several other chairmanships including Stena Line and TVS, and is non-executive director of numerous other companies, among them Newmont Mining and Standard Chartered.

His mining experience has taught him that "there's no future in predicting the commodity price. You've got to get down to being a low-cost producer of whatever you produce." As for the oil price, "you must assume that it's going to be low," he said yesterday.

## Finance moves

■ **Robert Morrow (below)**, 44, takes over next week from Riad Ghali, 48, as the London-based head of Bank of America's operations in its EMEA area. Morrow, an executive vice president who

has worked at Wells Fargo and Merrill Lynch, joined Bank of America in 1990 and since August has been responsible for relationship management in EMEA.

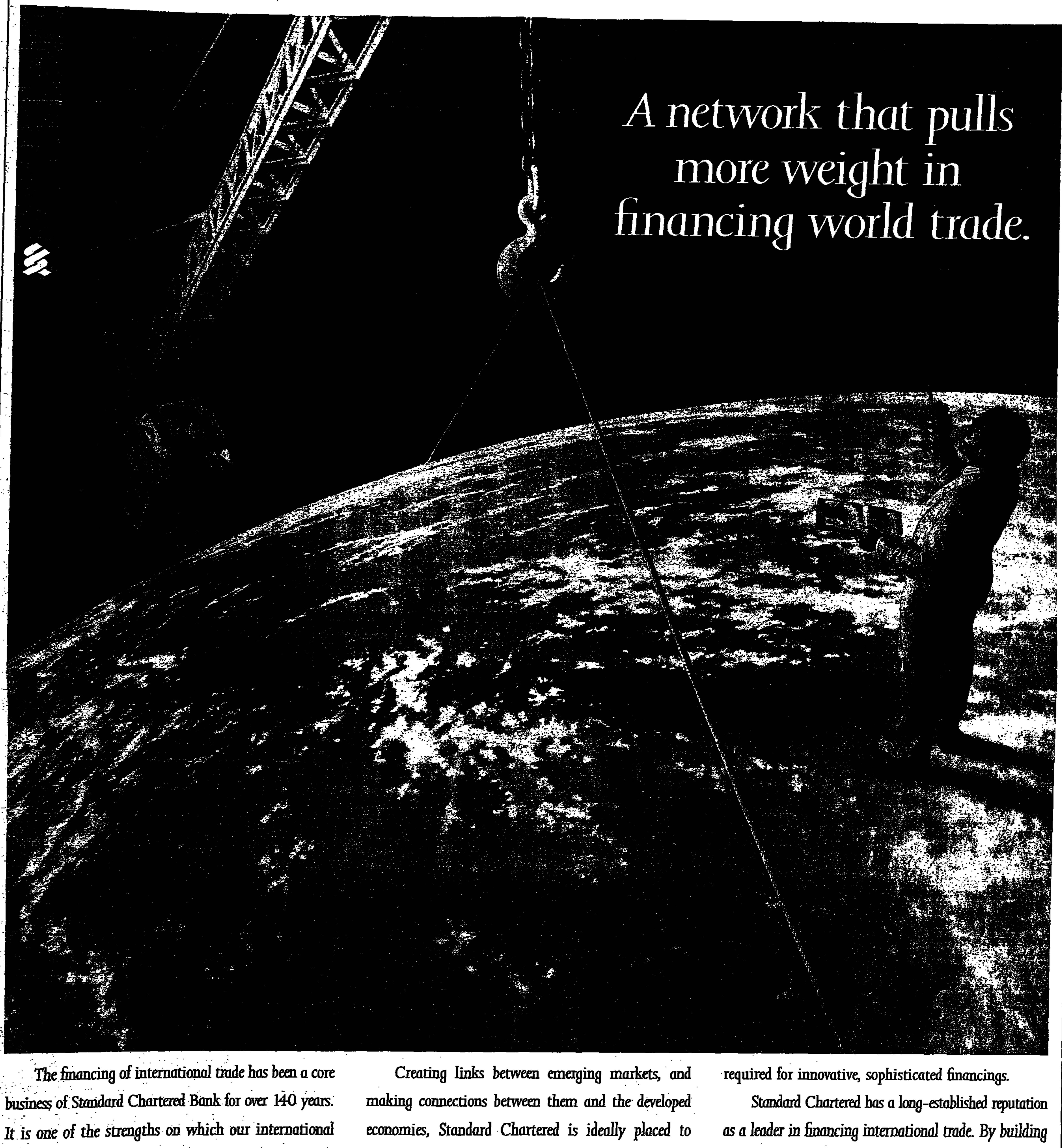
■ **Neil Richardson**, who was recently appointed investment director of Glenisla, was involved in giving advice mainly on valuation and tax when STC sold its stake in ICL to Fujitsu. The transaction was created by Arthur Walsh, the chairman, and negotiated by Kenneth Gardener, vice-president of mergers and acquisitions.

■ **Lord Cayzer** is retiring at the age of 84 as executive chairman of CALEDONIA INVESTMENTS but will remain a non-executive director and president. **Lord Rotherwick**, 81, former deputy chairman, is also retiring. **Peter Buckley**, chief executive, also becomes chairman.

■ **John Andrew** and **Robert Hingley** have been appointed to the board of J. Henry SCHRODER Wagg. **David Gibson** and **Richard Mountford** have been appointed directors of Schroder Investment Management. **Robert Davy** has been appointed a director of Schroder Capital Management International, and **Daniel Wherrett** a director of Schroder Securities.

■ **Philip Rosenberg** has been appointed head of sales in the funds division of CREDIT LYONNAIS ROUSE; he moves from Lehman Brothers.

■ **David Robbie**, formerly md of Standard Bank in the Isle of Man, has been appointed md of Tyndall Bank International, also in the Isle of Man; he succeeds Barry Tippett, who has decided to step down for a short break.


A network that pulls more weight in financing world trade.

# US funds push oil price above $14 a barrel

By David Lascelles, Resources Editor

Oil prices held on to their sharp Easter Monday gains yesterday as European markets resumed trading after the holiday.

The benchmark Brent blend May futures contract was at $14.34 a barrel in late trading on London's International Petroleum Exchange, 13 cents off the day's high but a gain of $1.09 from the pre-Easter close.

Dealers said that the rise appeared to have been triggered by US investment funds, which had been seeking new opportunities following the recent weakening of bond and equity prices.

Strong buying in the US markets on Monday left the oil price at its highest point for two months.

The change in sentiment came despite the recent agreement by Opec to leave its 24.52m-barrels-a-day production ceiling unchanged for the rest of the year. The agreement helped drive the Brent price below $13 a barrel to a five-year low early last week.

The question now facing dealers is whether the latest gains can be sustained. The market fundamentals have not altered and oil demand faces its period of greatest seasonal weakness as the northern hemisphere advances into summer.

MARKET REPORT

## Copper surrenders gains

COPPER prices surrendered early gains at the London Metal Exchange yesterday afternoon to end only just above last Thursday's levels. But other metals picked themselves off their lows by the close.

"It was a very mixed day – not a great deal of business, and nothing going in any direction for long," commented one trader. He suggested there might have been "a bit of an Easter hangover".

Copper prices struggled after an inconclusive break above $1,910 a tonne for three months delivery. By the close of the after-hours "kerb" session the price was threatening to fall below the $1,900 level and test downside targets around $1,880.

ALUMINIUM prices moved in the other direction, the three months pushing through a $1,310 target, although fairly stiff resistance was found above that level. Late commission house selling trimmed off some of the market's gains and final business was at $1,314, up $5 up from Thursday.

At the London Commodity Exchange COFFEE futures managed to stage a sharp recovery in the afternoon after a troubled start. The July position finished $22 higher at $1,385 after begining in the minus column following the overnight reverse in New York.

"It managed to hold this morning though, and then there was aggressive buying from one quarter," one dealer said, adding that that had prompted investment funds to move in.

Compiled from Reuter

**LME WAREHOUSE STOCKS**
(As at start of week)
tonnes

| | | |
|---|---|---|
| Aluminium | -6,050 | to 2,592,650 |
| Aluminium alloy | -840 | to 44,420 |
| Copper | -4,525 | to 504,350 |
| Lead | +2,075 | to 336,875 |
| Nickel | +726 | to 137,010 |
| Zinc | +10,200 | to 1,116,925 |
| Tin | +230 | to 24,115 |

# Chicago futures battered

By Laurie Morse in Chicago

Rising interest rates and higher oil prices battered most agricultural and metals markets on Monday, with commodities as diverse as soyabeans, silver, and lumber coming under pressure as investors liquidated positions.

In New York, silver futures lost more than 19 cents a troy ounce, while in Chicago, soyabean futures tumbled 30 cents a bushel, the largest decline allowed at the Board of Trade. Lumber futures also dropped their daily limit of $10 a thousand board feet.

In early trading yesterday commodity prices had stabilised, but few markets were rebounding from Monday's losses, despite a recovery in the US stock market.

Analysts said falling bond and stock prices forced some large hedge fund investors to liquidate commodity positions to meet margin calls. Silver and soyabean futures, popular as hedge fund investments, bore the brunt of the selling. Lumber prices tumbled because higher mortgage rates were expected to discourage new home construction.

Soyabeans came under particular pressure in the wake of a government report that showed US farmers intend to plant 61.1m acres to the crop this spring, about 3m more than last year. The report was released after Thursday's close but futures markets were closed on Friday.

With a record soyabean crop being harvested in South America and forecasts of higher US plantings, Mr Richard Feltes, senior grains analyst with Refco, the commodities brokerage firm, forecast that stocks would rise to 339m bushels in the US this year, significantly higher than in the past two years. He said global production estimates would warrant soyabean futures prices closer to $5.50 a bushel, far lower than Monday's close of $6.53½ for July delivery.

# Tobacco growers abandon their pipe dreams

Caution is the watchword for this year's Zimbabwe auctions, writes **Tony Hawkins**

Zimbabwe's flue-cured tobacco auction auction season open today at a time when, in the words of one marketing expert: "There's a lot of pessimism around".

Growers and buyers alike predict a cautious, soft start to the sales after last year's shocks, when growers could hardly believe how little was paid for good quality tobacco. In the first four weeks of the 1993 sales, flue-cured tobacco prices averaged 97 US cents a kilogram, little more than half the 189 cents of a year earlier. Even after the mid-season recovery, the record 218.5m kg crop averaged only 123 cents a kilogram, 62 per cent below the record level of 1991 and 25 per cent less than was paid for low-quality, drought-stressed leaf in 1992.

Last year, growers misread the market badly, having convinced themselves that the low 1992 price was a reflection on the poor quality of the offerings rather than growing oversupply in the world market. Accordingly, many went for volume, only to find their margins cut to the bone as costs continued to mount while prices tumbled.

They now accept that 1991 was a freak year and that market fundamentals are now far more negative than three years ago. Accordingly, output has been cut by more than 20 per cent to about 172m kg.

Quality is harder to assess at this juncture. Although the season started well, tobacco growing areas received only about 80 per cent of normal rainfall, while just one region enjoyed above-average moisture. Climatic conditions were very variable, deteriorating in the last six to eight weeks of the growing season, when the rains cut off early amid abnormally hot conditions. This was a godsend for some growers in the north who, up to then, had had too much rain; but it was a serious setback to the quality of leaf for many others.

**Zimbabwe Tobacco**

| | Crop (m kg) | Ave. Price (US cents/kg) |
|---|---|---|
| 1988 | 120 | 218 |
| 1989 | 130 | 208 |
| 1990 | 134 | 261 |
| 1991 | 170 | 325 |
| 1992 | 201 | 182 |
| 1993 | 219 | 123 |
| 1994* | 172 | 135 |

* forecasts

Both growers and buyers are predicting a soft start to the sales. Manufacturers, who are carrying substantial stocks, will be in no hurry to secure their supplies, says one leading tobacco merchant, pointing out that the nature of the Zimbabwe sales has changed with the advent of high domestic interest rates.

The big players – the five multinationals that dominate the market – borrow offshore at low, hard-currency interest rates. The local merchants used to play a speculative role, buying up to a quarter of the crop in the early part of the season and selling it on to manufacturers at firmer prices later on in the year. But with high local interest rates – 30 per cent and more – and little likelihood of further significant depreciation of the Zimbabwe dollar following the 17 per cent January devaluation, there is little incentive to speculate, especially at a time when global oversupply is estimated at around 275m kg.

Today there are two quite distinct markets for flue-cured leaf – a quality market dominated by the US, Brazil and Zimbabwe – and a much larger market for fillers and lower quality tobaccos, which is where the main oversupply has arisen.

Like Zimbabwe, Brazil and the US have cut production, but new factors are depressing demand, including President Clinton's latest onslaught on the US industry, the price war in the US cigarette market – forcing manufacturers to seek low-priced supplies wherever possible – and Washington's new protectionism. Last year, the US Congress approved legislation limiting tobacco imports to 25 per cent of total usage by manufacturers, and, because tobacco is a politically incorrect commodity, this has drawn little criticism from the fair trade lobby.

The US quota means that new markets will have to be found for most of the 36m kg that Zimbabwe exported to the US last year along with Brazil's 70m kg. Third world exporters hope, however, that US manufacturers will make their cigarettes offshore, as in the case of Phillip Morris in Turkey, using leaf from Brazil, Zimbabwe and elsewhere in preference to higher-priced US tobacco.

Mr Chris Molam, Chief Executive of the Zimbabwe Tobacco Association, which represents the country's 1,660 commercial growers, says: "If we can get our tobacco into these offshore-manufactured blends, then we are on our way".

There are marketing problems at home too. With one buyer – the US-based Universal group – building up, partly by taking over smaller operators, a 45 per cent market share at the Harare sales, growers complain that the auctions have become less competitive than they were.

This year, however, there will be new faces in the buying line with the admission of the domestically-owned Boka group of companies. Mr Boka, a black Zimbabwean political heavyweight, with little business muscle, hopes, with strong government support, to build market share at the auctions, and "indigenise" what has always been a white-dominated activity.

More competition in the buying line can only be good for the growers, but there are worries about the quality of that buying and the potential for price volatility. The consensus view – and last year the consensus was wildly optimistic – is that the price will harden modestly at the 1994 sales, averaging at least US$1.35 a kilogram (up 10 per cent) and possibly as much as $1.45.

As the country's top export, worth an estimated US$325m last year, tobacco is crucial to the country's export drive under the structural adjustment programme. Exports have stagnated since independence 14 years ago, but must now take off if structural reform is to succeed.

In 1991, the World Bank forecast that Zimbabwe's tobacco exports would double within five years; in fact they have fallen nearly 40 per cent since then. Leaf exports are likely to slip further this year, but 1994 could well be the trough of the cycle. "The market is on the turn," says one of the more optimistic merchants.

# Tender trap planned for cattle ticks

By Alison Maitland

Interrupting the sex life of a humble African cattle tick could help save millions of pounds lost each year through cattle disease and constant applications of insecticide, according to scientists at Britain's Keele University.

The brown ear tick, which is about the size of a small grape, attacks cattle by drinking their blood, damaging their hide and milk output and spreading deadly East Coast fever.

The fever is prevalent in southern and east Africa, killing about 500,000 cattle each year in the latter region alone. Ticks world-wide are believed to cause about $7bn worth of damage annually in animal deaths and disease, lost production and veterinary costs.

Keele is embarking on a £60,000 one-year project to find ways of tricking male brown ear ticks into thinking they have found a mate. Research on other ticks in the US has already developed decoys – beads that secrete the female pheromone, the chemical that attracts males.

Dr Gordon Hamilton of Keele says the UK research, funded by the Overseas Development Administration, will examine the possibility of adding pheromones to insecticides poured or sprayed onto cattle.

"We hope the pheromones will remain active longer than the pesticide and disrupt mating," he explains. "Their presence on the host animal would make the male tick feel the whole animal was a female tick."

The aim is to cut the number of ticks, not to eradicate them, as this would reduce cattle resistance to the disease.

# Delegates cautious as rubber pact talks open

Negotiations between rubber-producing and consuming nations opened here yesterday with no immediate movement toward a new price stabilisation pact, trade officials said, reports Reuter from Geneva.

Delegates at the 10-day meeting, held under the auspices of the United Nations Conference on Trade and Development, are aiming to replace the 1987 International Natural Rubber Agreement, which is due to expire in December having already been extended for 12 months.

They elected Mr Peter Lai of Malaysia as conference president, but neither consumers nor producers made official statements at the opening plenary session. "No paper was tabled," one official said.

Rubber growers are expected to press for a buffer stock buying and selling range at a higher level than in the expiring accord. But consumers are certain to resist this, as they did repeatedly last year.

## COMMODITIES PRICES

### BASE METALS

**LONDON METAL EXCHANGE**
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

| | Cash | 3 mths |
|---|---|---|
| Close | 1290-1 | 1315.5-6.0 |
| Previous | 1290-1 | 1314-5 |
| High/low | 1285 | 1318/1308 |
| AM Official | 1285-5.5 | 1309.5-10 |
| Kerb close | | 1313-4 |
| Open int. | 266,508 | |
| Total daily turnover | 46,150 | |

■ ALUMINIUM ALLOY ($ per tonne)

| | Cash | 3 mths |
|---|---|---|
| Close | 1285-95 | 1300-05 |
| Previous | 1272-5 | 1288-90 |
| High/low | | 1295-1293 |
| AM Official | 1290-2 | 1295-300 |
| Kerb close | | 1290-3 |
| Open int. | 4,570 | |
| Total daily turnover | 1,881 | |

■ LEAD ($ per tonne)

| | Cash | 3 mths |
|---|---|---|
| Close | 442.5-3.5 | 456-7 |
| Previous | 444.5-5.5 | 457.5-8 |
| High/low | | 459-450 |
| AM Official | 437.5-8.5 | 451.5-52 |
| Kerb close | | 456-7 |
| Open int. | 33,015 | |
| Total daily turnover | 5,665 | |

■ NICKEL ($ per tonne)

| | Cash | 3 mths |
|---|---|---|
| Close | 5560-1 | 5620-25 |
| Previous | 5575-85 | 5640-5 |
| High/low | 5584/5583 | 5680/5605 |
| AM Official | 5583-4 | 5648-50 |
| Kerb close | | 5605-10 |
| Open int. | 48,056 | |
| Total daily turnover | 12,974 | |

■ TIN ($ per tonne)

| | Cash | 3 mths |
|---|---|---|
| Close | 5405-10 | 5455-60 |
| Previous | 5420-30 | 5470-30 |
| High/low | 5390 | 5460/5440 |
| AM Official | 5365-90 | 5440-5 |
| Kerb close | | 5455-60 |
| Open int. | 19,105 | |
| Total daily turnover | 4,224 | |

■ ZINC, special high grade ($ per tonne)

| | Cash | 3 mths |
|---|---|---|
| Close | 935-6 | 955-6 |
| Previous | 934-5 | 954-5 |
| High/low | | 957/951 |
| AM Official | 930-30.5 | 951-51.5 |
| Kerb close | | 956-7 |
| Open int. | 105,935 | |
| Total daily turnover | 16,446 | |

■ COPPER, grade A ($ per tonne)

| | Cash | 3 mths |
|---|---|---|
| Close | 1892-3 | 1904-5 |
| Previous | 1875-7 | 1888-8.5 |
| High/low | 1897/1896 | 1913/1901 |
| AM Official | 1897-7.5 | 1908-9 |
| Kerb close | | 1901-1.5 |
| Open int. | 207,108 | |
| Total daily turnover | 77,190 | |

■ LME AM Official £/$ rate: 1.4671
LME Closing £/$ rate: 1.4691

Spot 1.4625 3 mths 1.4574 6 mths 1.4539 9 mths 1.4517

■ HIGH GRADE COPPER (COMEX)

| | Close | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| Apr | 86.95 | -0.45 | 87.10 | 86.90 | 946 | 231 |
| May | 87.00 | -0.80 | 88.15 | 86.60 | 33,354 | 5,684 |
| Jun | 87.10 | -0.75 | 87.90 | 87.20 | 733 | 3 |
| Jul | 87.20 | -0.70 | 88.25 | 86.80 | 15,569 | 920 |
| Aug | 87.30 | -0.70 | - | - | 441 | 1 |
| Sep | 87.40 | -0.65 | 88.10 | 87.20 | 4,352 | 119 |
| Total | | | | | 63,429 | 7,129 |

### PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

| Gold (Troy oz.) | $ price | £ equiv. |
|---|---|---|
| Close | 385.20-385.60 | |
| Opening | 387.80-388.20 | |
| Morning fix | 387.40 | 263.771 |
| Afternoon fix | 384.75 | 262.324 |
| Day's High | 387.90-388.30 | |
| Day's Low | 384.00-384.40 | |
| Previous close | | |

Loco Ldn Mean Gold Lending Rates (Vs US$)

| | | | |
|---|---|---|---|
| 1 month | 3.43 | 6 months | 3.76 |
| 2 months | 3.50 | 12 months | 4.18 |
| 3 months | 3.56 | | |

| Silver Fix | p/troy oz. | US cts equiv. |
|---|---|---|
| Spot | 384.40 | 564.50 |
| 3 months | 389.25 | 569.65 |
| 6 months | 394.40 | 576.00 |
| 1 year | 404.30 | 589.10 |

| Gold Coins | $ price | £ equiv. |
|---|---|---|
| Krugerrand | 389-392 | 266-269 |
| Maple Leaf | 396.40-398.90 | |
| New Sovereign | 91-94 | 62-65 |

### PRECIOUS METALS

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

| | Sett price | Day's change | High | Low | Open int | Vol. |
|---|---|---|---|---|---|---|
| Apr | 384.4 | -1.9 | 386.5 | 383.7 | 2,876 | 1,921 |
| May | 385.4 | -2.0 | - | - | - | - |
| Jun | 386.7 | -2.0 | 389.0 | 385.8 | 86,156 | 32,878 |
| Aug | 389.4 | -2.0 | 391.8 | 389.0 | 9,370 | 1,029 |
| Oct | 392.2 | -2.0 | - | - | 5,122 | 14 |
| Dec | 395.1 | -2.0 | 397.5 | 393.5 | 14,284 | 611 |
| Total | | | | | 142,708 | 37,394 |

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

| | Sett price | Day's change | High | Low | Open int | Vol. |
|---|---|---|---|---|---|---|
| Apr | 407.4 | -8.1 | 413.5 | 407.2 | 1,071 | 287 |
| Jul | 410.4 | -8.1 | 416.5 | 409.0 | 20,935 | 3,887 |
| Oct | 410.9 | -8.1 | 415.5 | 411.0 | 1,822 | 102 |
| Jan | 411.5 | -8.1 | 415.0 | 414.0 | 593 | 87 |
| Apr | 412.7 | -8.1 | 416.0 | 414.5 | 854 | 33 |
| Total | | | | | 25,076 | 4,158 |

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

| | Sett price | Day's change | High | Low | Open int | Vol. |
|---|---|---|---|---|---|---|
| Jun | 135.75 | -0.35 | 136.25 | 135.00 | 3,936 | 176 |
| Sep | 135.75 | -0.35 | 135.25 | 135.00 | 426 | 2 |
| Dec | 135.50 | -0.35 | 136.00 | 136.00 | 261 | - |
| Total | | | | | 4,623 | 178 |

■ SILVER COMEX (100 Troy oz.; $/troy oz.)

| | Sett price | Day's change | High | Low | Open int | Vol. |
|---|---|---|---|---|---|---|
| Apr | 554.2 | -3.6 | - | - | - | - |
| May | 555.5 | -3.7 | 566.5 | 553.0 | 71,235 | 29,732 |
| Jun | 557.5 | -3.7 | 564.0 | 564.0 | 11 | 11 |
| Jul | 559.7 | -3.7 | 570.0 | 557.5 | 20,224 | 3,248 |
| Sep | 564.2 | -3.7 | 575.0 | 561.5 | 5,665 | 101 |
| Dec | 571.0 | -3.6 | 578.5 | 568.0 | 9,939 | 441 |
| Total | | | | | 118,143 | 33,672 |

### ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

| | Latest price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 15.50 | -0.29 | 15.80 | 15.33 | 102,097 | 87,708 |
| Jun | 15.59 | -0.27 | 15.85 | 15.40 | 78,790 | 55,074 |
| Jul | 15.68 | -0.27 | 15.90 | 15.50 | 41,880 | 25,799 |
| Aug | 15.85 | -0.20 | 15.90 | 15.70 | 23,664 | 7,079 |
| Sep | 15.97 | -0.21 | 16.08 | 15.78 | 21,886 | 2,660 |
| Oct | 16.04 | -0.23 | 16.15 | 15.97 | 12,997 | 1,624 |
| Total | | | | | 414,537 | 187,993 |

■ CRUDE OIL IPE ($/barrel)

| | Latest price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 14.34 | +1.09 | 14.47 | 14.05 | 53,098 | 28,058 |
| Jun | 14.38 | +1.02 | 14.47 | 14.12 | 44,551 | 20,409 |
| Jul | 14.46 | +0.99 | 14.56 | 14.23 | 18,409 | 3,509 |
| Aug | 14.55 | +0.94 | 14.68 | 14.36 | 13,284 | 1,187 |
| Sep | 14.66 | +0.93 | 14.66 | 14.48 | 6,465 | 617 |
| Oct | 14.59 | +0.73 | 14.59 | 14.59 | 2,897 | 126 |
| Total | | | | | 144,986 | 51,193 |

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

| | Latest price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 45.20 | -0.97 | 45.95 | 44.65 | 484 | 1,066 |
| Jun | 45.00 | -0.81 | 45.65 | 44.75 | 54,285 | 27,550 |
| Jul | 45.50 | -0.59 | 45.80 | 45.30 | 40,668 | 12,131 |
| Aug | 46.20 | -0.54 | 46.50 | 46.00 | 28,439 | 6,350 |
| Sep | 47.25 | -0.54 | 47.50 | 47.15 | 11,751 | 1,175 |
| Oct | 48.20 | -0.34 | 48.45 | 48.25 | 9,408 | 671 |
| Total | | | | | 178,835 | 50,976 |

■ GAS OIL IPE ($/tonne)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| Apr | 146.25 | +8.50 | 14575 | 14300 | 21,742 | 10,851 |
| May | 144.75 | +8.75 | 14400 | 14150 | 20,859 | 10,473 |
| Jun | 144.25 | +8.75 | 14375 | 14125 | 22,686 | 2,596 |
| Jul | 145.00 | +8.50 | 14425 | 14200 | 14,081 | 785 |
| Aug | 146.50 | +8.00 | 14600 | 14400 | 6,218 | 223 |
| Sep | 148.50 | +8.00 | 14750 | 14575 | 3,494 | 425 |
| Total | | | | | 114,957 | 27,262 |

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

| | Latest price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 2.100 | +0.044 | 2.134 | 2.091 | 18,176 | 9,565 |
| Jun | 2.100 | +0.030 | 2.125 | 2.095 | 11,415 | 2,372 |
| Jul | 2.104 | +0.022 | 2.120 | 2.100 | 10,833 | 1,380 |
| Aug | 2.110 | +0.024 | 2.120 | 2.110 | 10,332 | 722 |
| Sep | 2.140 | +0.019 | 2.140 | 2.130 | 10,862 | 244 |
| Oct | 2.173 | +0.016 | 2.175 | 2.170 | 6,516 | 161 |
| Total | | | | | 117,661 | 15,709 |

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

| | Latest price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 48.80 | -0.86 | 49.40 | 48.10 | 1,209 | 554 |
| Jun | 48.85 | -0.79 | 49.55 | 48.23 | 55,112 | 32,061 |
| Jul | 48.75 | -0.85 | 49.25 | 48.60 | 32,021 | 13,045 |
| Aug | 48.45 | -0.70 | 48.85 | 48.35 | 10,686 | 4,186 |
| Sep | 47.95 | -0.74 | 47.90 | 47.90 | 9,317 | 7,145 |
| Oct | 47.05 | - | - | - | 5,888 | 406 |
| Total | | | | | [illegible] | 31,413 |

### GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 109.90 | -0.55 | 11.00 | 10.00 | 1,463 | 101 |
| Jun | 111.00 | -0.45 | 12.00 | 11.00 | 710 | 112 |
| Sep | 93.50 | -0.15 | 94.00 | 93.50 | 409 | 24 |
| Nov | 94.65 | -0.25 | 95.25 | 94.65 | 1,222 | 50 |
| Jan | 96.45 | -0.20 | 97.00 | 96.60 | 693 | 31 |
| Mar | 98.20 | -0.20 | - | - | 259 | - |
| Total | | | | | 4758 | 318 |

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 337/6 | +1/4 | 339/4 | 335/2 | 82,845 | 29,235 |
| Jul | 329/6 | +2/6 | 331/0 | 327/0 | 110,350 | 24,990 |
| Sep | 331/4 | +2/4 | 332/4 | 329/0 | 20,185 | 1,910 |
| Dec | 340/2 | +2/2 | 341/0 | 337/2 | 23,515 | 3,540 |
| Mar | 342/0 | +2/0 | 342/0 | 339/4 | 880 | 30 |
| May | 342/0 | +2/0 | - | - | 5 | - |
| Total | | | | | 240,180 | 50,705 |

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 276/4 | +4/4 | 277/0 | 272/6 | 502,280 | 190,770 |
| Jul | 280/2 | +4/2 | 280/4 | 277/2 | 610,795 | 148,680 |
| Sep | 270/0 | +3/6 | 270/2 | 267/2 | 134,490 | 16,365 |
| Dec | 260/2 | +3/4 | 260/4 | 257/0 | 328,320 | 82,500 |
| Mar | 266/6 | +3/4 | 266/6 | 264/0 | 23,435 | 2,330 |
| May | 270/4 | +2/4 | 270/4 | 267/2 | 1,960 | 520 |
| Total | | | | | 1.61m | 444,900 |

■ BARLEY LCE (£ per tonne)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 107.75 | +0.10 | - | - | 153 | - |
| Sep | 94.50 | - | - | - | 136 | - |
| Nov | 96.15 | +0.15 | - | - | 104 | - |
| Jan | 97.50 | +0.10 | - | - | 16 | - |
| Mar | 98.40 | - | - | - | 7 | - |
| Total | | | | | 409 | - |

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 654/0 | +1/4 | 657/0 | 648/0 | 253,480 | 129,465 |
| Jul | 658/2 | +2/6 | 658/0 | 651/0 | 253,525 | 244,270 |
| Aug | 651/2 | +4/2 | 651/4 | 645/0 | 41,365 | 9,270 |
| Sep | 634/0 | +5/2 | 634/4 | 629/0 | 23,130 | 2,035 |
| Nov | 621/0 | +4/0 | 622/0 | 615/4 | 165,840 | 80,235 |
| Jan | 626/4 | +4/0 | 626/4 | 621/0 | 16,020 | 1,165 |
| Total | | | | | 784,190 | 470,080 |

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 27.48 | -0.29 | 27.84 | 27.11 | 25,840 | 13,836 |
| Jul | 27.43 | -0.28 | 27.75 | 27.10 | 26,862 | 11,653 |
| Aug | 27.19 | -0.19 | 27.34 | 26.85 | 9,717 | 1,178 |
| Sep | 26.79 | -0.11 | 26.85 | 26.55 | 8,933 | 1,243 |
| Oct | 25.85 | -0.05 | 25.95 | 25.65 | 7,304 | 776 |
| Dec | 25.39 | -0.05 | 25.44 | 25.05 | 13,706 | 4,162 |
| Total | | | | | 94,349 | 33,090 |

■ SOYABEAN MEAL CBT (100 tons; $/ton)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 187.7 | +2.0 | 188.0 | 186.0 | 24,045 | 15,987 |
| Jul | 187.8 | +2.2 | 188.5 | 186.3 | 30,288 | 21,111 |
| Aug | 187.0 | +1.8 | 187.5 | 185.5 | 8,667 | 4,475 |
| Sep | 186.0 | +1.7 | 186.5 | 184.5 | 6,847 | 2,039 |
| Oct | 184.0 | +1.2 | 184.7 | 182.5 | 3,913 | 949 |
| Dec | 182.8 | +1.0 | 183.5 | 181.5 | 10,674 | 3,599 |
| Total | | | | | 85,744 | 48,589 |

■ POTATOES LCE (£/tonne)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| Apr | 214.0 | +8.5 | 215.0 | 207.0 | 628 | 391 |
| May | 217.9 | +15.3 | 217.0 | 215.5 | 621 | 83 |
| Jun | 130.0 | - | - | - | 2 | - |
| Nov | 70.0 | - | - | - | - | - |
| Mar | 105.0 | - | - | - | - | - |
| Apr | 131.0 | +3.2 | 130.0 | 129.0 | - | 75 |
| Total | | | | | 1,377 | 649 |

■ FREIGHT (BIFFEX) LCE ($10/index point)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| Apr | 1279 | +77 | - | - | 1,002 | - |
| May | 1278 | +18 | 1275 | 1275 | 725 | 3 |
| Jun | 1223 | - | 1205 | 1200 | 586 | 2 |
| Jul | 1148 | +15 | - | - | 231 | - |
| Oct | 1278 | +8 | 1270 | 1270 | 144 | 30 |
| Jan | 1310 | +2 | 1310 | 1310 | 10 | 30 |
| Total | | | | | 2,758 | 65 |

| | Close | Prev |
|---|---|---|
| BFI | 1208 | 1206 |

**Minor Metals:**
European free market, from Metal Bulletin, $ per lb in warehouse, unless otherwise stated (last week's in brackets, where changed). Antimony: 99.6%, $ per tonne, 1,870-1,920 (1,850-1,900). Bismuth: min. 99.99%, tonne lots 2.25-2.40. Cadmium: min. 99.5%, 60-70 cents a pound. Cobalt: MB free market, 99.8%, 26.50-27.50 (26.00-27.50); 99.3%, 22.00-23.00 (20.50-22.00). Mercury: min. 99.99%, $ per 76 lb flask, 90-100. Molybdenum: drummed molybdic oxide, 2.85-3.00 (2.80-2.90). Selenium: min 99.5%, 3.60-4.55. Tungsten ore: standard min. 65%, $ per tonne unit (10kg) $WO_3$, cif, 30-43. Vanadium: min. 98%, cif, 1.35-1.45. Uranium: Nuexco exchange value, 7.00.

### SOFTS

■ COCOA LCE (£/tonne)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 869 | -24 | 882 | 867 | 18,874 | 1,904 |
| Jul | 889 | -25 | 902 | 887 | 18,809 | 2,190 |
| Sep | 906 | -21 | 919 | 905 | 11,873 | 803 |
| Dec | 929 | -16 | 938 | 925 | 17,758 | 827 |
| Mar | 952 | -11 | 960 | 948 | 25,706 | 851 |
| May | 964 | -14 | 972 | 961 | 9,713 | 140 |
| Total | | | | | 112,394 | 8,894 |

■ COCOA CSCE (10 tonnes; $/tonnes)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 1101 | -21 | 1122 | 1101 | 24,708 | 8,206 |
| Jul | 1132 | -20 | 1151 | 1130 | 24,612 | 3,370 |
| Sep | 1157 | -23 | 1178 | 1155 | 10,298 | 637 |
| Dec | 1198 | -20 | 1215 | 1196 | 7,117 | 580 |
| Mar | 1227 | -24 | 1248 | 1227 | 10,509 | 248 |
| May | 1250 | -20 | 1265 | 1255 | 5,389 | 408 |
| Total | | | | | 86,293 | 13,489 |

■ COCOA (ICCO) (SDR's/tonne)

| Apr 2 | Price | Prev. day |
|---|---|---|
| Daily | 893.40 | 896.92 |
| 10 day average | - | - |

■ COFFEE LCE ($/tonne)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 1384 | +24 | 1389 | 1343 | 13,371 | 1,661 |
| Jul | 1385 | +25 | 1385 | 1347 | 16,815 | 2,203 |
| Sep | 1374 | +11 | 1375 | 1344 | 6,484 | 709 |
| Nov | 1371 | +16 | 1371 | 1343 | 4,084 | 174 |
| Jan | 1373 | +17 | 1370 | 1345 | 5,272 | 34 |
| Mar | 1367 | +17 | 1365 | 1385 | 1,837 | 22 |
| Total | | | | | 47,863 | 5,823 |

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 80.30 | -0.10 | 81.10 | 80.20 | 28,743 | 9,453 |
| Jul | 82.05 | -0.10 | 82.75 | 81.90 | 15,222 | 3,890 |
| Sep | 83.55 | -0.05 | 84.00 | 83.45 | 6,735 | 770 |
| Dec | 84.90 | +0.05 | 85.40 | 84.75 | 4,100 | 186 |
| Mar | 85.95 | -0.05 | 86.00 | 85.80 | 1,767 | 100 |
| May | 87.00 | +0.20 | 87.40 | 87.40 | 284 | 24 |
| Total | | | | | 57,167 | 14,423 |

■ COFFEE (ICO) (US cents/pound)

| Apr 4 | Price | Prev. day |
|---|---|---|
| Comp. daily | 78.08 | 77.88 |
| 15 day average | 77.49 | 77.35 |

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 11.21 | -0.90 | - | - | 856 | - |
| Jul | 11.79 | -0.76 | - | - | 2,779 | - |
| Oct | 11.51 | -0.49 | - | - | 220 | - |
| Jan | 11.95 | - | - | - | - | - |
| Total | | | | | 3,855 | - |

■ WHITE SUGAR LCE ($/tonne)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 325.50 | -18.0 | 343.00 | 324.50 | 6,540 | 1,854 |
| Aug | 321.50 | -16.5 | 336.00 | 320.40 | 7,690 | 1,569 |
| Oct | 303.20 | -13.4 | 313.50 | 301.40 | 5,705 | 916 |
| Dec | 298.50 | -11.8 | 308.50 | 298.90 | 176 | 32 |
| Mar | 297.80 | -12.4 | 304.40 | 298.00 | 650 | 14 |
| May | 298.90 | -12.4 | 308.30 | 306.30 | 201 | 2 |
| Total | | | | | 21,187 | 4,387 |

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 11.05 | -0.80 | 11.72 | 10.98 | 48,802 | 12,642 |
| Jul | 11.45 | -0.72 | 12.07 | 11.38 | 39,983 | 7,986 |
| Oct | 11.17 | -0.50 | 11.68 | 11.17 | 31,153 | 1,383 |
| Mar | 10.88 | -0.45 | 11.26 | 10.83 | 14,752 | 523 |
| May | 10.88 | -0.44 | 11.20 | 10.95 | 1,951 | 13 |
| Jul | 10.88 | -0.42 | 11.07 | 10.95 | 1,088 | 15 |
| Total | | | | | 138,041 | 22,572 |

■ COTTON NYCE (50,000lbs; cents/lbs)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 75.40 | -1.63 | 77.20 | 75.05 | 19,867 | N/A |
| Jul | 76.10 | -1.63 | 77.90 | 76.00 | 15,500 | N/A |
| Oct | 73.30 | -0.50 | 73.90 | 73.05 | 2,999 | N/A |
| Dec | 70.55 | -0.80 | 71.45 | 70.40 | 14,850 | N/A |
| Mar | 71.50 | -0.53 | 72.00 | 71.50 | 727 | N/A |
| May | 72.07 | -0.50 | 72.70 | 72.00 | 248 | N/A |
| Total | | | | | 54,347 | N/A |

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 101.50 | +0.20 | 102.60 | 99.35 | 7,511 | 3,211 |
| Jul | 104.45 | -0.70 | 105.40 | 101.50 | 6,879 | 1,634 |
| Sep | 106.90 | -0.50 | 107.80 | 106.60 | 2,151 | 329 |
| Nov | 106.40 | +0.30 | 107.20 | 105.80 | 1,156 | 34 |
| Jan | 108.00 | +0.05 | 108.70 | 106.65 | 2,127 | 85 |
| Mar | 110.00 | -0.25 | 110.00 | 108.75 | 342 | 18 |
| Total | | | | | 20,166 | 5,511 |

**VOLUME DATA**
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

### INDICES

■ REUTERS (Base: 18/9/31=100)

| Apr 5 | Mar 31 | month ago | year ago |
|---|---|---|---|
| 1826.8 | 1828.4 | 1798.0 | 1703.5 |

■ CRB Futures (Base: 4/9/56=100)

| Apr 4 | Mar 31 | month ago | year ago |
|---|---|---|---|
| 226.02 | 227.67 | 227.09 | 212.84 |

### MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| Apr | 77.400 | -0.150 | 77.850 | 77.375 | 20,582 | 15,085 |
| Jun | 74.750 | +0.025 | 74.875 | 74.700 | 28,243 | 7,621 |
| Aug | 72.725 | -0.225 | 72.950 | 72.700 | 12,528 | 2,758 |
| Oct | 73.875 | -0.175 | 74.050 | 73.850 | 10,295 | 1,161 |
| Dec | 73.950 | -0.200 | 74.050 | 73.850 | 3,102 | 193 |
| Feb | 73.700 | -0.225 | 73.900 | 73.700 | 1,759 | 524 |
| Total | | | | | 76,860 | 27,357 |

■ LIVE HOGS CME (40,000lbs; cents/lbs)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| Apr | 46.925 | +0.125 | 47.100 | 46.700 | 3,860 | 1,871 |
| Jun | 52.825 | -0.400 | 53.400 | 52.750 | 15,645 | 1,963 |
| Jul | 52.025 | -0.650 | 52.775 | 52.000 | 4,867 | 999 |
| Aug | 49.700 | -0.575 | 50.300 | 49.675 | 2,858 | 364 |
| Oct | 45.650 | -0.550 | 46.250 | 45.600 | 1,770 | 177 |
| Dec | 46.075 | -0.650 | 46.650 | 46.025 | 2,306 | 131 |
| Total | | | | | 31,728 | 5,531 |

■ PORK BELLIES CME (40,000lbs; cents/lbs)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 55.325 | -1.525 | 57.100 | 55.250 | 4,847 | 1005 |
| Jul | 55.700 | -1.450 | 57.200 | 55.600 | 3,901 | 836 |
| Aug | 53.475 | -1.325 | 54.850 | 53.425 | 585 | 44 |
| Feb | 56.775 | -0.725 | 57.600 | 56.775 | 105 | 2 |
| Mar | 56.500 | -0.800 | - | 56.500 | 10 | 1 |
| May | 57.000 | -0.600 | - | 57.000 | 8 | 1 |
| Total | | | | | 9,266 | 1,887 |

### LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

| ■ ALUMINIUM (99.7%) LME | May | Aug | May | Aug |
|---|---|---|---|---|
| 1300 | 46 | 77 | 34 | 47 |
| 1325 | 34 | 64 | 44 | 58 |
| 1350 | 24 | 33 | 62 | 72 |

| ■ COPPER (Grade A) LME | May | Aug | May | Aug |
|---|---|---|---|---|
| 1850 | 76 | 107 | 28 | 48 |
| 1900 | 48 | 80 | 49 | 70 |
| 1950 | 26 | 56 | 79 | 97 |

| ■ COFFEE LCE | May | Jul | May | Jul |
|---|---|---|---|---|
| 1300 | 87 | 106 | 3 | 38 |
| 1350 | 47 | 73 | 13 | 62 |
| 1400 | 20 | 47 | 36 | 95 |

| ■ COCOA LCE | May | Jul | May | Jul |
|---|---|---|---|---|
| 875 | 11 | 45 | 17 | 31 |
| 900 | 4 | 33 | 35 | 44 |
| 925 | 1 | 24 | 57 | 60 |

| ■ BRENT CRUDE IPE | May | Jun | May | Jun |
|---|---|---|---|---|
| 1300 | - | - | 3 | - |
| 1350 | 72 | 86 | 3 | 13 |
| 1400 | 52 | - | 12 | 26 |

### LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/May) +or-

| | | |
|---|---|---|
| Dubai | $13.26-3.34w | +1.12 |
| Brent Blend (dated) | $14.33-14.35 | +1.16 |
| Brent Blend (May) | $13.26-3.34 | +1.12 |
| W.T.I. (1pm est) | $15.61-5.64w | +1.23 |

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

| | | |
|---|---|---|
| Premium Gasoline | $166-168 | +14 |
| Gas Oil | $149-150 | +9 |
| Heavy Fuel Oil | $69-71 | +3 |
| Naphtha | $135-136 | +7 |
| Jet Fuel | $163-165 | +7 |

Petroleum Argus Estimates

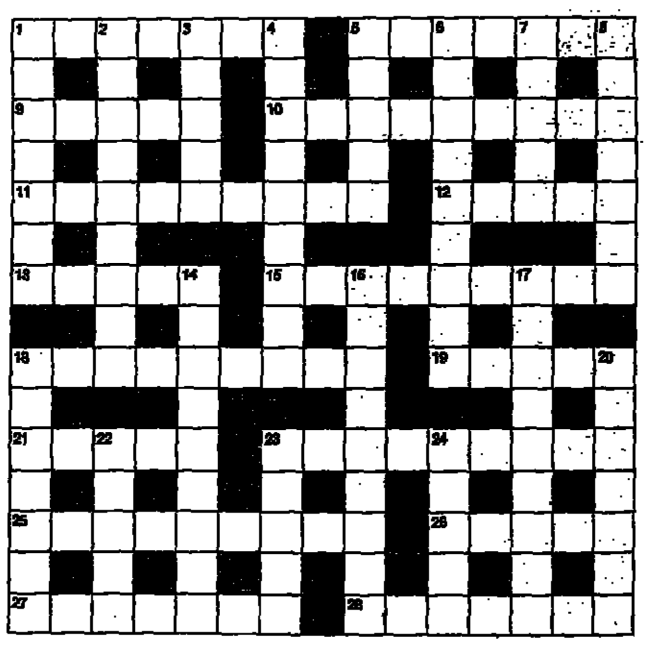
■ OTHER

| | | |
|---|---|---|
| Gold (per troy oz)♣ | $385.40 | -4.35 |
| Silver (per troy oz)♣ | 559.50c | -12.0 |
| Platinum (per troy oz.) | $409.00 | -10.00 |
| Palladium (per troy oz.) | $134.75 | +1.25 |
| Copper (US prod.) | 92.00c | |
| Lead (US prod.) | 35.00c | |
| Tin (Kuala Lumpur) | 14.20r | -0.07 |
| Tin (New York) | 250.75c | -0.25 |
| Zinc (US Prime W.) | Unq. | |
| Cattle (live weight)† | 127.96p | +1.91* |
| Sheep (live weight)†♠ | 149.87p | +15.64 |
| Pigs (live weight) | 77.16p | +2.89* |
| Lon. day sugar (raw) | $286.2 | -3.3 |
| Lon. day sugar (wte) | $346.5 | -0.6 |
| Tate & Lyle export | £308.0 | |
| Barley (Eng. feed) | Unq | |
| Maize (US No3 Yellow) | Unq | |
| Wheat (US Dark North) | £185.0x | |
| Rubber (May)♥ | 71.25p | +0.50 |
| Rubber (Jun)♥ | 71.50p | +0.50 |
| Rubber(KL RSS No1 Apr) | 257.50m | +0.5 |
| Coconut Oil (Phil)§ | $547.5t | -7.5 |
| Palm Oil (Malay.)§ | $407.5w | -2.5 |
| Copra (Phil)§ | $382.0v | +9.0 |
| Soyabeans (US) | Unq | |
| Cotton Outlook A Index | 82.25c | -0.60 |
| Wooltops (64s Super) | 392p | |

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg.

## CROSSWORD

No.8,421 Set by VIXEN



ACROSS

1 Sympathy with strike shown by the left (7)
5 Taking stock, he just couldn't keep quiet (7)
9 Soldiers must precede the first lady and that's official (5)
10 Someone exercises the animals (9)
11 An element most freely occurring in seawater (9)
12 Downright woman presented to the queen (5)
13 A little instant rice-based meal which really is instant (5)
15 Totally lacking vitality for a time – in an awful state (9)
18 25 should be pleased about betting (9)
19 Disposed one against inside information (5)
21 Adopted a certain attitude as asked (5)
23 The individual wanting a good deal! (9)
25 18 exhibiting some irascibility scoffed (9)
26 Lower a bright light (5)
27 Oils in a compound bond (7)
28 Filled with regret about the Church, but only for a spell (7)

DOWN

1 Savoury food – undercooked and not much of it (7)
2 Quiet about viewing, which shows foresight (9)
3 Warnings given in the women's section (5)
4 The rate increase must be put off (9)
5 Where 5 across did his stock-taking to some extent (5)
6 Make a song about a lock adding weight (9)
7 A French town figures in the story (5)
8 Book for husband (7)
14 Bad performers (9)
16 Note trays can be used in the bar (9)
17 Favour a few being taken in by a gate and frisked (9)
18 A metropolis that may well attract interest (7)
20 Care for miniature railway in the garden? (7)
22 City malls being sorted (5)
23 Finding a supporter in the head (5)
24 Sound forecaster doing a boring job (5)

Solution to Saturday's prize puzzle on Saturday April 16.
Solution to yesterday's prize puzzle on Monday April 18.

JOTTER PAD

# LONDON STOCK EXCHANGE

MARKET REPORT

# Shares close an erratic session sharply higher

By Terry Byland, UK Stock Market Editor

The London market lived up to its recent reputation for volatility yesterday, moving through a range of nearly 70 Footsie points before closing sharply higher on the day as Wall Street belied the pundits by opening the new session with a show of strength.

The FT-SE 100 Index gained a net 29.8 at 3,116.2, led above the 3,100 mark again by active buying of stock index futures. Equities made the running in the second half of the session, without waiting for a rally in British government bonds as US Federal securities also recovered ground. Interest rate nervousness was also soothed by the announcement that today's money market repo tender at the Bundesbank would revert to a variable rate, raising hopes that rates will be trimmed again in Germany this morning.

Although impressed by the turnround in the stock market yesterday, strategists sounded wary of predicting the near term outlook. Dealers had marked share prices down sharply at the opening after London analysts hastened to line themselves up behind predictions that Wall Street's weakness over Easter spelled danger for European markets. Forecasts of a Footsie down to 2,800, and a Dow Average at 3,200, originally put forward by Mr Nicholas Knight of Nomura Research, suddenly became the order of the day at a number of leading securities houses.

But the sellers of equities failed to oblige and by the second half of the session marketmakers were paying dearly for leaving their trading books short of stock over an extended holiday weekend which had left London exposed to developments in markets in the US and the Far East.

Yesterday was the final trading day of the UK tax year and there were signs that institutions were buying ahead of expected demand from private client funds. Once again, the pressure came in derivatives markets, and trading volume in equities was slow to develop. However, improving sentiment across the range of equities lifted the FT-SE Mid 250 Index by 10.1 to 3,763. Buyers focused on the manufacturing sectors, leaving many consumer stocks relatively neglected.

By the close, Seaq volume had risen to 755.1m shares, a good performance for a session immediately following a bank holiday in the UK. On Thursday, the previous trading day, Seaq volume of 725.6m shares was worth £1.36bn at retail level.

Traders admitted to some bewilderment when share prices began to rise sharply, although both short sterling and near-dated government bonds appeared to be signalling doubts over the near term outlook for domestic interest rates. Some analysts interpreted yesterday's performance by equities as further evidence that investors are now focusing on the improved outlook for British companies as the economy recovers.

The past month has seen significant increases in dividend payouts, which has put some stocks on dividend yields of nearly 5 per cent. These yields will enable equities to withstand the tightening of interest rates now expected by many analysts before the end of the year

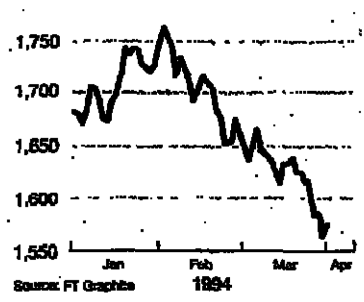
But against these more optimistic comments, there were still many expressing bearish views. These pointed out that Wall Street, too, had been oversold over the Easter break, and that the recovery in the Dow Average would have to be maintained for several sessions if it were to be convincing.

**Account Dealing Dates**

| | | | |
|---|---|---|---|
| *First Dealings: | Mar 14 | Mar 28 | Apr 11 |
| Option Declarations: | Mar 24 | Apr 7 | Apr 21 |
| Last Dealings: | Mar 25 | Apr 8 | Apr 22 |
| Account Day: | Apr 5 | Apr 18 | May 3 |

*New time dealings may take place from two business days earlier.

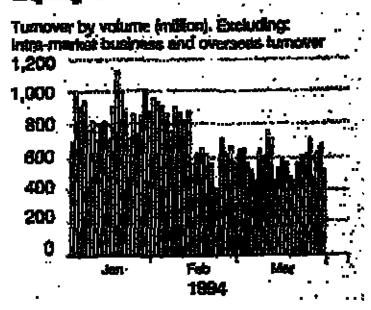
**FT-SE-A All-Share index**



Source: FT Graphite

**Equity Shares Traded**

Turnover by volume (million). Excluding: intra-market business and overseas turnover



## ■ Key Indicators

**Indices and ratios**

| | | | | | |
|---|---|---|---|---|---|
| FT-SE 100 | 3116.2 | +29.8 | FT Ordinary index | 2462.6 | +23.4 |
| FT-SE Mid 250 | 3763.0 | +10.1 | FT-SE-A Non Fins p/e | 20.61 | (20.54) |
| FT-SE-A 350 | 1583.0 | +12.6 | FT-SE 100 Fut Jun | 3127.0 | +60.0 |
| FT-SE-A All-Share | 1573.23 | +11.26 | 10 yr Gilt yield | 7.62 | (7.55) |
| FT-SE-A All-Share yield | 3.69 | (3.72) | Long gilt/equity yld ratio: | 2.15 | (2.12) |

**Best performing sectors**

1 Tobacco ... +2.9
2 Spirits, Wines ... +2.1
3 Extractive Inds ... +2.0
4 Insurance ... +1.9
5 Banks ... +1.8

**Worst performing sectors**

1 Water ... -1.1
2 Other Bus & Ser ... -1.1
3 Engineering, Vehicles ... -0.7
4 Health Care ... -0.7
5 Engineering ... -0.6

# Reuters hit by switching

Electronic news and information group Reuters Holdings fell sharply on heavy turnover in spite of positive news as one investor was said to be shifting funds into a derivative version of the stock yesterday.

The shares had fallen by some $2.50 in the US on Monday and were marked down at the start of trading in London yesterday to bring them back in line with the American Depositary Receipts. However, as London and New York prices recovered, Reuters remained in the doldrums and closed 35 off at 1925p.

Marketmakers said there was selling of the ordinary shares to buy Daily Mail Group bonds. The 10-year bonds issued last summer are convertible into Reuters shares. Turnover of 4.7m shares – the third highest in more than three years – did suggest that prices were not being merely marked lower following jitters in New York. And the weakness came on a day when Reuters announced that Citicorp, the US bank, was paying $80m plus redundancy costs for Reuters to take the ailing Quotron dealing system group off its hands. The selling also came ahead of a presentation by Mr Peter Job, Reuters' chief executive, to analysts today and the company's annual meeting next week.

## Vodafone strength

Cellular telephones group Vodafone outpaced the market's other leading telecoms stocks, delivering one of the best individual performances in the FT-SE 100 after announcing a record number of new subscribers.

In March 58,500 new subscribers signed up with Vodafone, topping the previous monthly record achieved in December 1993, and giving Vodafone a customer base of 1.17m subscribers.

The March sales helped offset the impact of press comment highlighting the threat to existing cellular companies by the imminent launch of Orange, Hutchison Telecom's new mobile telephone service.

Vodafone raced up 20 to 536p after good turnover of 1.7m. BT firmed ½ to 393p after news that BT's Cellnet attracted 46,900 new customers last month, taking its subscriber base through the 1m mark.

Cable and Wireless, whose One-2-One system is seen as most vulnerable to competition from Orange, lost 3 at 452p.

News that Channel tunnel operator Eurotunnel had settled its long dispute with construction consortium TML weakened the stock amid fears that the company would be making a bigger than anticipated rights issue. The market was surprised to hear that Swiss Bank Corporation has emerged as one of the lead underwriters of the rights issue.

Eurotunnel closed 10 lower at 505p, with market watchers focusing on reports that its anticipated rights issue, originally intended to raise £500m before the end of June, may now be in the region of £750m. The company said it is to seek shareholder approval for the issue of 150m shares should the need arise.

A sudden burst of strength in crude oil prices, amid stories that some of the big international hedge funds have been baling out of stocks and bonds and shifting cash into crude oil futures, helped oil shares rise.

The biggest impact was on the exploration and production sector, usually more sensitive than integrated oil stocks to swings in oil prices. Enterprise jumped 10 to 408p. The company's stake in the Scott Field has increased from 12.9 per cent to 13.5 per cent.

The appointment of Mr Rudolph Agnew as chairman of Lasmo from May 24, was given a good reception. Lasmo shares, which fell to 118p shortly after the market opened, rallied to close a net 3 higher at 124p.

The financial areas of the market were the first to respond to the early afternoon strength in UK equities. Hopes, subsequently fullfilled, of a strong opening on Wall Street and talk of heavy buying of banks and insurances by funds operating big personal equity plans drove both sectors sharply higher.

The big rise in the dollar boosted stocks with strong links to the far east, such as HSBC, which moved up 16 to 755p and Standard Chartered which ran up 14 to 1055p.

Marketmakers were caught short of stock in Lloyds Bank which jumped 18 to 577p, Barclays, up 9 at 533p and Abbey National, 7½ firmer at 473p.

Takeover speculation in the wake of last week's news that HSBC had acquired a 6 per cent stake continued to drive Hogg Group higher. The shares settled 17 up at 182p; turnover was 836,000 shares.

General Accident was the pick of the composite insurances, the shares surging 24 to 644p after turnover of 1.3m on talk of strong support from Morgan Stanley, the influential US investment bank.

United Biscuits, Britain's largest biscuits and snacks manufacturer, performed well on speculation that RJR Nabisco of the US is about to sell its tobacco interests and will then be looking to make food purchases. UB shares added 13 at 345p. The rumour was prompted by a weekend press article which said Nabisco was posed to offload its RJ Reynolds tobacco business to BAT Industries for some £6.5bn. BAT bounced 14 to 472p.

Tightly held AB Foods jumped 18 to 577p on strong suggestions that the group was poised to sell its retail bakery business to Greggs. The deal would represent a small disposal for AB Foods but double Greggs' outlets. Greggs shares were steady at 743p.

News that Kwik Save, the food discount company was cutting the price of many of its top brands in its stores restrained the shares after an early bounce. The stock rose 10 in a weak morning market and remained unchanged at 818p as rival stocks rebounded.

Engineering and aerospace group Smiths Industries fell 9 to 465½p, after it announced a £21.6m acquisition of a US manufacturer of electrical heating elements.

The market appreciated an £18m acquisition by property and transport group P&O. The shares put on 20 to 713p.

## Other big moves

Housebuilding and construction group George Wimpey jumped 11 to 196p after taking full control of its West of England and Welsh quarrying subsidiary Wimpey Hobbs.

International Business Communications gained 21 to 207p following a sharp upturn in profits in 1993.

USM-listed Proteus International, which announced a one-for-seven cash call last week, slipped below the rights issue price to close 7 off at 178p.

**MARKET REPORTERS:**
Joel Kibazo,
Steve Thompson,
Peter John.

■ Other statistics, Page 23

## NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (29).
ELECTRNC & ELECT EQUIP (1) Mitsubishi, ENGINEERING (2) Hadleigh Inds., Linread, EXTRACTIVE INDS (3) Caledonia, Monarch Res., St. Barbara, INSURANCE (2) Hogg, Steel Burrill Jones, INVESTMENT TRUSTS (1) Herald Wrts., INVESTMENT COMPANIES (7) LEISURE & HOTELS (1) Spear (J.W), MEDIA (3) OIL EXPLORATION & PROD (1) Ohio, PHARMACEUTICALS (1) British Bio-Technology, RETAILERS, GENERAL (2) Goldsmiths, Smith (WH) A, SUPPORT SERVS (2) Admiral, BNB, TEXTILES & APPAREL (1) Forminster, TRANSPORT (2) Air London, Wah Kwong.
NEW LOWS (430).
GILTS (3) BANKS (3) BREWERIES (5) BUILDING & CNSTRN (11) BLDG MATLS & MCHTS (10) CHEMICALS (2) Amber Ind., Metrotect Inds., DISTRIBUTORS (3) Caffyns, Elect'compo., Enterprise, DIVERSIFIED INDLS (4) Brierley, Pacific Dunlop, Trafalgar Hse 6p Pf., Williams 8p Pf., ELECTRNC & ELECT EQUIP (10) ENGINEERING (8) ENG. VEHICLES (3) First Technology, Lucas Inds., Mid-States, EXTRACTIVE INDS (13) FOOD MANUF (7) HEALTH CARE (7) HOUSEHOLD GOODS (1) Le Creuset, INSURANCE (4) Alex & Alex, London Insc., Trade Indemnity, USF & G, INVESTMENT TRUSTS (184) INVESTMENT COMPANIES (7) LEISURE & HOTELS (4) LIFE ASSURANCE (3) Irish Life, Legal & General, London & Man., MEDIA (6) MERCHANT BANKS (1) OIL EXPLORATION & PROD (7) OIL, INTEGRATED (5) BP, Exxon, Mobil, Occidental, Royal Dutch, OTHER FINANCIAL (18) OTHER SERVS & BUSNS (4) Anglo-East Plants., Attwoods, Photo-Me, Platignum, PHARMACEUTICALS (10) PRTNG, PAPER & PACKG (8) API Group, Brit. Polythene Inds., Britton, Crest Pckg., Field, Kymmene, PROPERTY (31) RETAILERS, FOOD (3) Geest, Low (Wm), Tesco Capital 9pc Cv '05, RETAILERS, GENERAL (15) SPIRITS, WINES & CIDERS (1) Allied-Lyons, SUPPORT SERVS (13) TELECOMMUNICATIONS (2) Securicor NV, Vodafone, TEXTILES & APPAREL (8) TRANSPORT (6) AMERICANS (17) CANADIANS (7).

## EQUITY FUTURES AND OPTIONS TRADING

The recovery in US markets helped stock index futures reverse earlier falls to end comfortably above the 3,100 level for the first time in recent sessions, writes Joel Kibazo.

The Liffe June contract on the FT-SE 100 finished at 3,127, up 60 from its previous close and 10 points above its fair value premium to cash of about 5 points. Volume was 16,923 lots.

Earlier, June retreated from an opening level of 3,050 as dealers reacted to Monday's sharp retreat on Wall Street. It fell to a low of 3,035 in late morning.

Signs of a recovery in New York brought a turnround in the contract in the early afternoon and the solid performance from that market created a squeeze in June towards the close of the session.

In the Liffe Mid 250, June closed at 3,760 after light trading. Volume was 25 contracts though the screen showed no volume in the same contract on the OMLX.

In Liffe traded options, turnover of 37,197 was just shy of Thursday's closing total. However, volume in the FT-SE 100 option showed a substantial improvement reaching 19,256 lots against a previous 14,242 lots. Some 7,532 lots were dealt in the Euro FT-SE 100 option. Glaxo was the most active stock option with a total of 1,063 trades.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 3050.0 | 3127.0 | +60.0 | 3135.0 | 3035.0 | 16923 | 56863 |
| Sep | - | 3144.0 | +59.0 | - | - | 0 | 698 |
| Dec | 3075.0 | 3157.0 | +63.0 | 3075.0 | 3075.0 | 10 | 0 |

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Jun | 3715.0 | 3760.0 | -35.0 | 3715.0 | 3715.0 | 25 | 2465 |

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Jun | 3730.0 | 3740.0 | +10.0 | 3730.0 | 3730.0 | 11 | 765 |

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

| | 2925 C | 2925 P | 2975 C | 2975 P | 3025 C | 3025 P | 3075 C | 3075 P | 3125 C | 3125 P | 3175 C | 3175 P | 3225 C | 3225 P | 3275 C | 3275 P |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Apr | 189½ | 4 | 159½ | 5½ | 106½ | 12 | 68½ | 23½ | 38½ | 43½ | 17½ | 72½ | 7½ | 112½ | 3 | 156½ |
| May | 222½ | 24½ | 183 | 34 | 146 | 47 | 112 | 82½ | 82½ | 82½ | 58½ | 108½ | 39½ | 139 | 26 | 175 |
| Jun | 231½ | 32 | | | 159½ | 58½ | | | 161½ | 89½ | | | 89½ | 157½ | | |
| Sep | 276 | 82½ | | | 209½ | 92½ | | | 150½ | 132 | | | 103½ | 182½ | | |
| Dec† | 317 | 93½ | | | 258 | 123 | | | 192 | 161 | | | 142½ | 208 | | |

Calls 5,854 Puts 1,722 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

| | 3850 C | 3850 P | 3900 C | 3900 P | 3950 C | 3950 P | 4000 C | 4000 P | 4050 C | 4050 P | 4100 C | 4100 P | 4150 C | 4150 P | 4200 C | 4200 P |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Apr | 10½ | 127½ | 4 | 172½ | 2 | 220 | 1 | 270 | ½ | 314 | ½ | 362½ | ½ | | | |

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm. Values shown for EURO 250 OPTION are for Mar 31.- Apr. 5 unavailable.

## FT - SE Actuaries Share Indices — The UK Series

| | Apr 5 | Day's chge% | Mar 31 | Mar 30 | Mar 29 | Year ago | Div. yield% | Earn. yield% | P/E ratio | Xd adj. ytd | Total Return |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 | 3116.2 | +1.0 | 3086.4 | 3092.4 | 3123.4 | 2832.2 | 3.90 | 6.16 | 19.59 | 28.18 | 1153.76 |
| FT-SE Mid 250 | 3763.0 | +0.3 | 3752.9 | 3767.1 | 3788.8 | 3087.4 | 3.26 | 5.41 | 22.70 | 24.97 | 1375.12 |
| FT-SE Mid 250 ex Inv Trusts | 3785.5 | +0.2 | 3776.5 | 3787.8 | 3807.4 | 3104.9 | 3.37 | 5.82 | 21.27 | 25.18 | 1378.91 |
| FT-SE-A 350 | 1583.0 | +0.8 | 1570.4 | 1574.1 | 1588.3 | 1405.5 | 3.75 | 5.99 | 20.24 | 13.42 | 1199.42 |
| FT-SE SmallCap | 1903.70 | -0.3 | 1909.97 | 1921.33 | 1935.07 | 1542.57 | 2.94 | 4.18 | 29.53 | 10.64 | 1452.92 |
| FT-SE SmallCap ex Inv Trusts | 1881.20 | -0.4 | 1888.05 | 1898.30 | 1910.65 | 1549.97 | 3.09 | 4.63 | 27.04 | 10.21 | 1437.92 |
| FT-SE-A ALL-SHARE | 1573.23 | +0.7 | 1561.97 | 1566.15 | 1579.99 | 1389.20 | 3.69 | 5.86 | 20.70 | 13.02 | 1212.83 |

## ■ FT-SE Actuaries All-Share

| | Apr 5 | Day's chge% | Mar 31 | Mar 30 | Mar 29 | Year ago | Div. yield% | Earn yield% | P/E ratio | Xd adj. ytd | Total Return |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 10 MINERAL EXTRACTION(18) | 2459.22 | +0.8 | 2439.96 | 2444.68 | 2471.87 | 2179.10 | 3.72 | 5.03 | 24.67 | 30.90 | 974.12 |
| 12 Extractive Industries(4) | 3867.16 | +2.0 | 3789.98 | 3832.29 | 3882.82 | 3122.50 | 3.35 | 4.61 | 26.07 | 41.61 | 1054.71 |
| 15 Oil, Integrated(3) | 2382.65 | +0.4 | 2363.36 | 2349.96 | 2375.86 | 2082.10 | 3.82 | 5.28 | 23.62 | 31.69 | 954.86 |
| 16 Oil Exploration & Prod(11) | 1794.09 | +1.7 | 1764.40 | 1787.81 | 1800.13 | 2004.80 | 3.64 | 3.56 | 35.96 | 15.36 | 1028.08 |

## TRADING VOLUME

■ Major Stocks yesterday

| | Vol. 000s | Closing price | Day's change |
|---|---|---|---|
| ASDA Group† | 4,800 | 68¾ | +1¼ |
| Abbey National† | 2,500 | 473 | +7½ |
| Albert Fisher | 174 | 64 | +2 |
| Allied-Lyons† | 1,600 | 544 | +1 |
| Anglian Water | 808 | 520 | -8 |
| Argos | 1,100 | 343 | -3 |
| Argyll Group† | 4,600 | 253½ | +½ |
| Arjo Wiggins† | 1,000 | 289 | +3 |
| Assoc. Brit. Foods† | 1,200 | 577 | +18 |
| Assoc. Brit. Ports | 283 | 585 | +8 |
| BAA† | 1,700 | 1005 | +5 |
| BAT Inds.† | 3,400 | 472 | +14 |
| BET | 8,700 | 127 | -½ |
| BICC | 566 | 443 | +7 |
| BOC† | 854 | 724 | +8 |
| BP† | 14,000 | 360 | +1 |
| BPB Inds. | 443 | 335 | +5 |
| BT† | 7,000 | 393 | +½ |
| BT (P/Paid) | 3,300 | 275 | +½ |
| BTR† | 3,900 | 369 | +3½ |
| Bank of Scotland† | 1,000 | 185 | +5 |
| Barclays† | 3,900 | 533 | +9 |
| Bass† | 1,300 | 530 | -2 |
| Blue Circle† | 784 | 335 | +9 |
| Booker | 291 | 444 | +2 |
| Boots† | 2,700 | 507 | +2½ |
| Bowater† | 1,800 | 452 | +5 |
| Brit. Aerospace† | 1,000 | 482 | -3 |
| British Airways† | 4,400 | 410 | +5½ |
| British Gas† | 11,000 | 301½ | |
| British Land | 539 | 399 | |
| British Steel† | 8,700 | 141 | -1 |
| Burmah Castrol† | 3,400 | 175 | -1 |
| Burzl | 297 | 825 | +7 |
| Burton | 8,600 | 56 | -½ |
| Cable & Wire† | 8,000 | 452 | -3 |
| Cadbury Schweppes† | 1,800 | 474 | +8½ |
| Calor Group | 162 | 319 | +1 |
| Caradon† | 226 | 365 | +2 |
| Carlton Comms.† | 1,100 | 870 | +7 |
| Coats Viyella† | 1,900 | 234½ | +6 |
| Comm. Union† | 838 | 591 | +19 |
| Cookson | 951 | 253 | -1 |
| Courtaulds† | 659 | 532½ | +6½ |
| Dalgety | 119 | 443 | +1 |
| De La Rue† | 758 | 932 | -5 |
| Dixons | 185 | 200 | |
| Eastern Elect. | 551 | 679 | +4 |
| East Midland Elect. | 1,100 | 624 | +2 |
| Eng China Clays | 517 | 488 | +9 |
| Enterprise Oil† | 2,000 | 408 | +10 |
| Eurotunnel Units | 177 | 505 | -10 |
| FKI | 870 | 195 | -2 |
| Fisons | 1,600 | 129 | +½ |
| Foreign & Col. I.T. | 712 | 272 | +2 |
| Forte† | 2,800 | 254 | -4½ |
| Gen. Accident† | 1,300 | 644 | +24 |
| General Elect.† | 5,900 | 305 | +3½ |
| Glaxo† | 5,100 | 606 | +6 |
| Glynwed | 111 | 385 | -4½ |
| Granada† | 1,000 | 552 | +7 |
| Grand Met.† | 3,900 | 464 | +12 |
| GUS† | 2,200 | 609 | +2 |
| GRE† | 1,100 | 191 | +10 |
| GKN | 227 | 541 | +3 |

# LONDON EQUITIES

## LIFFE EQUITY OPTIONS

| Option | | Calls Apr | Calls Jul | Calls Oct | Puts Apr | Puts Jul | Puts Oct |
|---|---|---|---|---|---|---|---|
| Allied-Lyons | 540 | 14 | 27 | 38 | 9 | 31 | 38 |
| (*543 ) | 580 | 1½ | 9½ | 18 | 50 | 67½ | 72½ |
| Argyll | 240 | 15½ | 26 | 28½ | 3 | 15 | 19½ |
| (*252 ) | 260 | 4½ | 14½ | 18½ | 12½ | 27 | 31 |
| ASDA | 50 | 9½ | 12½ | 13½ | 1 | 2½ | 4 |
| (*59 ) | 60 | 2 | 5 | 8 | 3½ | 6½ | 8½ |
| Brit Airways | 390 | 24½ | 38 | 43½ | 3 | 17 | 23½ |
| (*409 ) | 420 | 8½ | 21½ | 28½ | 16½ | 33½ | 39 |
| Boot Bdm A | 350 | 26½ | 38½ | 48½ | 3½ | 15½ | 22½ |
| (*381 ) | 390 | 8 | 22½ | 33½ | 16 | 30 | 37½ |

| Option | | Calls May | Calls Aug | Calls Nov | Puts May | Puts Aug | Puts Nov |
|---|---|---|---|---|---|---|---|
| Hanson | 260 | 13½ | 19 | 23½ | 4½ | 10 | 14 |
| (*268 ) | 280 | 4½ | 10 | 14½ | 15½ | 21 | 25 |
| Lasmo | 120 | 16½ | 18 | 23½ | 6½ | 12½ | 16½ |
| (*124 ) | 130 | 8½ | 13½ | 18½ | 12½ | 18 | 22½ |
| Lucas Inds | 180 | 14½ | 22 | 28 | 4½ | 10½ | 15½ |
| (*188 ) | 200 | 4 | 12 | 18 | 15½ | 21 | 27 |
| P & O | 700 | 30 | 53 | 71 | 19 | 35 | 50½ |
| (*709 ) | 750 | 9½ | 29½ | 48½ | 50½ | 64 | 80 |
| Pilkington | 180 | 9½ | 16½ | 22 | 5 | 12 | 16 |
| (*183 ) | 200 | 2½ | 7½ | 13 | 19 | 24½ | 28 |

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 5 | 59 | 10 |
| Other Fixed Interest | 0 | 2 | 13 |
| Mineral Extraction | 68 | 64 | 71 |
| General Manufactures | 127 | 223 | 322 |
| Consumer Goods | 40 | 82 | 90 |
| Services | 86 | 167 | 246 |
| Utilities | 17 | 20 | 9 |
| Financials | 93 | 139 | 152 |
| Investment Trusts | 86 | 186 | 199 |
| Others | 53 | 56 | 37 |
| Totals | 575 | 998 | 1149 |

Data based on those companies listed on the London Share Service.
It was not possible to publish the Traditional Options table today.

## LONDON RECENT ISSUES: EQUITIES

## RIGHTS OFFERS

| Issue price p | Amount paid up | Latest Renun. date | 1994 High | 1994 Low | Stock | Closing price p | +or- |
|---|---|---|---|---|---|---|---|
| 6 | Nil | 11/5 | 1pm | 1pm | ‡Dunton | 1pm | |
| 62 | Nil | 28/4 | 10½pm | 1¼pm | Haden MacLellan | 1¼pm | -¼ |
| 280 | Nil | 4/5 | 43pm | 21pm | Henlys | 22pm | -1 |
| 25 | Nil | 9/5 | 2½pm | 1½pm | Hollas | 1½pm | |
| IR400 | Nil | 9/5 | 33pm | 33pm | Irish Cont | 33pm | |
| 282 | Nil | 13/5 | 10pm | 6pm | Persimmon | 7pm | |
| 280 | Nil | 20/4 | 18pm | 1½pm | Proteus Intl | 2pm | -4 |
| 60 | Nil | 9/5 | 10pm | 8pm | Proudfoot | 8pm | |
| 85 | Nil | 25/5 | 12pm | 3pm | Richardson West | 4pm | |
| 115 | Nil | 11/5 | 12½pm | 10¼pm | Senior Eng | 10½pm | -1¼ |
| 72 | Nil | 11/5 | 11pm | 8pm | Stakis | 8pm | -1½ |
| 150 | Nil | 5/5 | 15pm | 6½pm | Union | 6½pm | -½ |
| 30 | Nil | 5/5 | 11pm | 2pm | Upton & Sthn | 3pm | +1 |

## FINANCIAL TIMES EQUITY INDICES

| | Apr 5 | Mar 31 | Mar 30 | Mar 29 | Mar 28 | Yr ago | *High | *Low |
|---|---|---|---|---|---|---|---|---|
| Ordinary Share | 2462.6 | 2439.2 | 2445.5 | 2470.1 | 2479.6 | 2169.6 | 2713.6 | 2439.2 |
| Ord. div. yield | 3.78 | 3.82 | 3.80 | 3.74 | 3.74 | 4.49 | 3.82 | 3.43 |
| Earn. yld. % full | 5.17 | 5.21 | 5.19 | 5.09 | 5.08 | 6.30 | 5.21 | 3.82 |
| P/E ratio net | 21.00 | 20.85 | 20.94 | 21.32 | 21.39 | 19.70 | 33.43 | 20.85 |
| P/E ratio nil | 21.89 | 21.73 | 21.82 | 22.23 | 22.34 | 18.38 | 30.80 | 21.73 |

*For 1994. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

| Open | 9.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.00 | High | Low |
|---|---|---|---|---|---|---|---|---|---|---|
| 2422.5 | 2415.6 | 2417.8 | 2419.3 | 2429.0 | 2433.4 | 2440.4 | 2446.4 | 2459.3 | 2462.6 | 2412.0 |

| | Apr 5 | Mar 31 | Mar 30 | Mar 29 | Mar 28 | Yr ago |
|---|---|---|---|---|---|---|
| SEAQ bargains | 45,780 | 40,901 | 46,349 | 41,243 | 37,420 | 35,589 |
| Equity turnover (£m)† | - | 1355.2 | 1759.2 | 1512.6 | 1163.2 | 1127.6 |
| Equity bargains† | - | 49,505 | 55,855 | 50,787 | 44,268 | 45,313 |
| Shares traded (m)† | - | 593.8 | 674.1 | 641.1 | 477.3 | 492.0 |

† Excluding intra-market business and overseas turnover.

## FT GOLD MINES INDEX

■ Hourly movements

■ FT-SE Actuaries 350 Industry baskets

## BANKS

| Notes | Price | + or – | 1994 high | low | Mkt Cap£m | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|
| ABN Amro Fl | £23⅝ | +⅛ | £25⅛ | £22⅞ | 6,459 | 4.8 | ♦ |
| ANZ A$ | 230 | +5½ | 278¾ | 220½ | 3,008 | 4.0 | 18.1 |
| Abbey National ...qN☐ | 472xd | +7½ | 523 | 463 | 6,206 | 3.7 | 15.9 |
| Allied Irish I£ ...♣☐ | 243xd | — | 314 | 241 | 1,601 | 5.1 | ♦ |
| Anglo Irish I£ ...MN☐ | 58 | –1 | *70 | 58 | 192.7 | 7.7 | 10.2 |
| Asahi Y | 711¼ | +13 | 769¼ | 628 | 16,505 | 0.7 | – |
| Banco Bil Viz Pta | £15⅛ | –⅛ | £16⅞ | £14⅜ | 3,059 | 5.4 | 6.9 |
| Banco Sant Pta | £31⅞ | — | £34⅝ | £29⅜ | 3,513 | 4.3 | 12.1 |
| Bank Leumi (UK) | 430xd | — | 460 | 375 | 35.2 | 5.8 | ♦ |
| Bk Ireland I£ | 250 | — | *319 | 246 | 1,178 | 5.0 | 18.4 |
| Bank Scotland ...♣†☐ | 196 | +5 | 247 | 183 | 2,289 | 3.0 | 28.5 |
| 9¼pc Pf | 127 | –1¼ | 141½ | 128½ | 127.0 | 9.1 | – |
| 9¾pc Pf | 134 | –1 | 148½ | 131½ | 134.8 | 9.1 | – |
| Barclays ...qN☐ | 533xd | +9 | 640 | 487 | 8,655 | 3.6 | 27.2 |
| Dai Ichi Kan Y | £12 | +⅜ | £12⅜ | £10⅞ | 37,397 | 0.5 | 68.3 |
| Deutsche DM | £328⅜ | +1⅜ | £344¾ | £298¼ | 15,289 | 1.9 | – |
| Espirito Santo | £19⅜ | +1 | £25⅜ | £19⅜ | 210.9 | 4.1 | 4.7 |
| First Nat Fin ...N☐ | 74 | — | *99 | 60 | 122.6 | 2.5 | – |
| 6.3pc Cv Pf | 85 | — | *90 | 77 | 5.72 | 9.3 | – |
| 7pc Cv Pf | 151 | –1 | 171 | 123 | 71.7 | 5.8 | – |
| Fuji Bank Y | 1446¼ | +29½ | 1505½ | 1152½ | 41,948 | 0.4 | – |
| HSBC HK ...☐ | 708xd | +14 | 1133 | 749 | 13,488 | 3.8 | ♦ |
| HSBC (75p Shs) ...☐ | 758xd | +16 | 1113 | 733 | 6,367 | 3.9 | ♦ |
| Lloyds ...N☐ | 577xd | +18 | 699 | 540 | 7,414 | 4.8 | 12.2 |
| Mitsubishi Y | £18⅜ | +½ | £18⅜ | £15⅝ | 53,002 | 0.3 | – |
| Mits Tst & Bk Y | 981 | +37¼ | 1027¼ | 687½ | 12,906 | 0.5 | 15.9 |
| Mitsui Tst & Bk Y | 734¼ | +32¼ | 811¼ | 514 | 8,767 | 0.7 | 25.0 |
| Nat Aust A$ | 548¾ | +11 | 620¼ | 537¾ | 7,214 | 4.3 | 13.4 |
| NatWest ...N☐ | 488xd | +9½ | 622 | 448 | 7,794 | 4.9 | 10.7 |
| Ottomane FFr | £30¼ | –¼ | £33 | £27¾ | 151.2 | 4.8 | 7.3 |
| Ryl Bk Scotland ♣N☐ | 410 | +2 | 528 | 389 | 3,263 | 3.4 | 18.5 |
| Sakura Y | 99⅜ | +⅝ | £9⅞ | £8⅛ | 28,815 | 0.6 | 54.3 |
| Sanwa Y ...§ | £14⅝ | –⅛ | £14⅞ | £11⅞ | 41,057 | 0.4 | – |
| Standard Chartd .qN☐ | 1055xd | +14 | 1437 | 1028 | 2,532 | 2.8 | 10.3 |
| 7 3/8pc Prf | 94¾ | –⅛ | 108½ | 92¾ | 94.8 | 9.7 | – |
| Sumitomo Y | £13⅝ | +¾ | £18⅛ | £11½ | 43,649 | 0.4 | 29.9 |
| Sumitomo Tst Y | 978 | –15¼ | 1007½ | 625 | 12,163 | 0.6 | 76.6 |
| TSB ...N☐ | 219xd | +3½ | 291 | 210 | 3,350 | 4.4 | 14.9 |
| Tokai Y | £7⅜ | +⅛ | £8½ | £6⅝ | 15,648 | 0.7 | 51.6 |
| Toyo Tst & Bk Y | 768 | +13 | 745¼ | 586¼ | 5,563 | 0.7 | 63.1 |
| Westpac A$ | 216 | +4 | 280 | 207 | 3,822 | 2.5 | ♦ |
| Yasuda Tst Bk Y ...‡ | 661½ | +7½ | 694¾ | 442 | 6,192 | 0.9 | 50.0 |

## BREWERIES

| Notes | Price | + or – | 1994 high | low | Mkt Cap£m | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|
| Ascot Hldgs ...☐ | 7¼ | — | 10¼ | 6 | 26.9 | – | – |
| Bass ...N☐ | 536 | –2 | 619 | 507 | 4,616 | 4.7 | 14.1 |
| Boddington ...qN☐ | 287xd | –3 | 298 | 257 | 311.2 | 3.9 | 13.1 |
| Burtonwood | 169 | — | 193 | 169 | 35.2 | 3.5 | 14.1 |
| Eldridge Pope A ...♣N | 150 | –1 | 181 | 142 | 29.2 | 3.0 | 20.8 |
| Fosters A$ | 57¼ | +1 | 66 | 58 | 1,890 | 5.1 | 67.1 |
| Fuller STA ...♣† | 438 | — | 493 | 423 | 88.9 | 2.1 | 18.4 |
| Gibbs Mew ...♣† | 420xd | — | 423 | 373 | 27.0 | 2.5 | 20.8 |
| Greenalls ...♣N☐ | 435 | +4 | 611 | 439 | 908.3 | 3.6 | 14.8 |
| Greene King ...†N☐ | 492 | –1 | 584 | 492 | 206.1 | 3.2 | 13.8 |
| Grosvenor Inns ♣♣†g | 146 | — | *165 | 124 | 19.9 | 3.9 | 22.1 |
| Hollys | 68 | –2½ | *76 | 64 | 29.5 | – | 50.0 |

## BUILDING & CONSTRUCTION

## BUILDING MATS. & MERCHANTS

## CHEMICALS

## DISTRIBUTORS

## DIVERSIFIED INDUSTRIALS

## ELECTRICITY

## ELECTRONIC & ELECTRICAL EQPT

## ELECTRONIC & ELECTRICAL EQPT - Cont.

## ENGINEERING

## ENGINEERING, VEHICLES

## ENGINEERING, VEHICLES - Cont.

## EXTRACTIVE INDUSTRIES

## FOOD MANUFACTURERS

## GAS DISTRIBUTION

## HEALTH CARE

## HEALTH CARE - Cont.

## HOUSEHOLD GOODS

## INSURANCE

## INVESTMENT TRUSTS

## INVESTMENT TRUSTS - Cont.

## LONDON SHARE SERVICE

### INVESTMENT TRUSTS - Cont.

### LEISURE & HOTELS - Cont.

### OIL, INTEGRATED

### PROPERTY - Cont.

### SPIRITS, WINES & CIDERS

### TRANSPORT - Cont.

### WATER

### SUPPORT SERVICES

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### TOBACCO

### TRANSPORT

### LEISURE & HOTELS

### PROPERTY

### SOUTH AFRICANS

| | Notes | Price | + or - | 1994 high | low | Mkt Cap£m | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| Anglo Am Ind | | £22¼ | — | £23½ | £13½ | 1,329 | 3.3 | 18.2 |
| Barlow | | £3⅔ | — | £4⅞ | £3¼ | 773.2 | 8.3 | 7.2 |
| Gold Flds Prop R | | 92 | — | 105 | 86 | 9.41 | 10.8 | 8.2 |
| NK Props | s | 99 | — | 95 | 88 | 3.62 | 6.9 | 37.0 |
| SASOL | ♥ | 381 | -18 | 381 | 284 | 1,785 | 5.2 | — |
| SA Brews | | £11⅞ | +⅛ | £15⅞ | £11⅝ | 6,399 | 2.3 | 19.8 |
| Tiger Oats | | 663 | — | 839 | 663 | 998.8 | 2.5 | 14.0 |
| Tongaat-Hulett | † | 551 | — | 688 | 434 | 412.4 | 2.7 | 15.4 |

## GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ◆ Figures or report awaited
- ● Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

### FT Free Annual Reports Service

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### FT Cityline

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Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

# FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on ( 071 ) 873 4378 for more details.

## AUTHORISED UNIT TRUSTS

**AIB Unit Trust Managers Limited (1000)F**
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| AIB Grofund American | 5 | 160.1 | 161.5 | 170.8 | -0.40 | 0.00 |
| AIB Grofund Equity | 5 | 229.4 | 232.2 | 245.7 | -1.80 | 1.88 |
| AIB Grofund Euro | 5 | 197.7 | 198.3 | 209.8 | -0.30 | 0.00 |
| AIB Grofund Eqt Balanced | 3 | 114.3 | 115.4 | 119.6 | -2.20 | 1.41 |
| AIB Grofund Gilt | 3 | 78.37 | 78.39 | 78.75 | -0.23 | 4.48 |
| AIB Grofund Japan | 5 | 189.0 | 190.8 | 200.8 | [illegible] | 0.00 |

**AXA Equity & Law Unit Tst Mngrs (1200)H**
Equity & Law Hse, Corpn St, Coventry 0203 553231

## Guide to pricing of Authorised Unit Trusts

*Compiled with the assistance of Lautro §§*

**INITIAL CHARGE:** Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

**OFFER PRICE:** Also called issue price. The price at which units are bought by investors.

**BID PRICE:** Also called redemption price. The price at which units are sold back by investors.

**CANCELLATION PRICE:** The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

**TIME:** The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✠) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

**HISTORIC PRICING:** The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

**FORWARD PRICING:** The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

**SCHEME PARTICULARS AND REPORTS:** The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

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# FT MANAGED FUNDS SERVICE

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**Thornton Unit Managers Ltd (1200)F**
33 Queen Street, London EC4R 1AX 071-248 3000
Dealing 071-248 3001

| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| American Smllr Cos | 5 | 65.47 | 65.47 | 69.83 | -0.78 | 0.00 |
| (Accum Units) | 5 | 68.29 | 68.29 | 72.84 | -1.82 | 0.00 |
| Dresdner Europe Bd | 5 | 42.53 | 42.53 | 44.69 | +0.04 | 5.80 |
| (Accum Units) | 5 | 61.38 | 61.35 | 64.49 | +0.06 | 5.80 |
| European | 6 | 277.54 | 277.54 | 294.67 | -0.51 | 0.86 |
| (Accum Units) | 6 | 278.40 | 278.40 | 295.59 | -0.62 | 0.86 |
| Exempt | 2½ | 524.77 | 524.77 | 540.79 | -1.25 | 3.49 |
| (Accum Units) | 2½ | 1714.48 | 1714.48 | 1770.69 | -4.05 | 3.49 |
| Iberian Growth | 5½ | 48.66 | 48.66 | 51.77 | -0.67 | 0.05 |
| Intl Growth | 5 | 106.72 | 106.72 | 113.50 | -0.62 | 0.61 |
| (Accum Units) | 5 | 116.19 | 116.19 | 123.94 | -0.67 | 0.61 |
| Japan Tst | 5 | 95.09 | 95.09 | 101.42 | +1.51 | 0.00 |
| (Accum Units) | 5 | 95.09 | 95.09 | 101.42 | +1.51 | 0.00 |
| Little Dragons | 5 | 95.53 | 95.53 | 101.89 | +0.06 | 0.46 |
| (Accum Units) | 5 | 98.34 | 98.34 | 104.89 | +0.06 | 0.46 |
| Nth Amer Gwth | 5 | 222.84 | 222.84 | 236.65 | -0.30 | 0.65 |
| (Accum Units) | 5 | 276.50 | 276.50 | 294.14 | -0.38 | 0.65 |
| Oriental Income | 5 | 48.38 | 48.38 | 51.60 | +0.17 | 4.78 |
| (Accum Units) | 5 | 63.77 | 63.77 | 68.02 | +0.24 | 4.78 |
| Preference | 5½ | 124.30 | 124.30 | 132.28 | -4.66 | 8.25 |
| (Accum Units) | 5½ | 622.90 | 622.90 | 662.70 | -2.41 | 8.25 |
| Tiger | 6 | 270.28 | 270.28 | 286.55 | -0.75 | 0.56 |
| (Accum Units) | 5 | 283.96 | 283.96 | 302.88 | -0.77 | 0.55 |
| UK Blue Chip | 5 | 61.62 | 61.62 | 65.65 | -0.09 | 3.00 |
| (Accum Units) | 5 | 64.92 | 64.92 | 69.19 | -0.09 | 3.00 |
| UK Growth | 5½ | 505.26 | 505.26 | 537.61 | -4.22 | 2.20 |
| (Accum Units) | 5½ | 1124.69 | 1124.69 | 1196.69 | -3.19 | 2.70 |
| UK High Yield | 5½ | 105.75 | 105.75 | 112.53 | -1.51 | 3.40 |
| (Accum Units) | 5½ | 332.80 | 332.80 | 353.92 | -4.79 | 3.40 |
| UK Recovery | 5½ | 268.32 | 268.32 | 285.45 | -3.67 | 1.90 |
| (Accum Units) | 5½ | 492.33 | 492.33 | 523.75 | -3.22 | 1.90 |
| UK Smlr Cos | 5 | 100.70 | 104.47 | 111.75 | -0.79 | 1.05 |
| (Accum Units) | 5 | 118.57 | 122.95 | 131.40 | -0.83 | 1.05 |
| UK Smlr Cos Div | 5½ | 103.66 | 103.66 | 110.27 | -0.54 | 4.40 |
| (Accum Units) | 5½ | 173.39 | 173.39 | 184.45 | -0.92 | 4.40 |

**Waverley Unit Tst Mngmt Ltd (1000)F**
13 Charlotte Sq, Edinburgh 031-225 1551

| | | | | | | |
|---|---|---|---|---|---|---|
| Australasian Gold | 6 | 31.23 | 31.73 | 33.75 | +0.63 | - |
| Pacific Basin | 6 | 39.67 | 39.67 | 42.2 | +0.36 | 0.6 |
| Can Balanced Gwth | 6 | 33.87 | 33.87 | 36.03 | -0.36 | - |
| Global Bond | 4 | [illegible] | [illegible] | [illegible] | [illegible] | 5.62 |
| Penny Share | 6 | 29.72 | 31.66 | 33.57 | -0.16 | 1.5 |

**Whittingdale Unit Tst Mgmt Ltd (0830)F**
2 Honey Lane, London EC2V 8BT 071-600 0482

| | | | | | | |
|---|---|---|---|---|---|---|
| Challenger | 2½ | 97.41 | 97.41 | 99.87 | +0.02 | 0.00 |
| Short Dtd Gilt | 1¼ | 110.3 | 110.3 | 111.8 | +0.10 | 0.00 |
| U.S. Govmnt Bond | 1¼ | 0.7243 | 0.7243 | 0.7334 | [illegible] | 2.27 |
| Gilt Income | 4 | 51.63 | 51.63 | 53.73 | +0.05 | 6.75 |
| Gilt Growth | 4 | 70.78 | 70.78 | 73.66 | +0.14 | 0.00 |
| City Reserve | 0 | 52.25 | 52.25 | 52.25 | — | 4.18 |

**Woolwich Unit Trust Managers Ltd (1700)H**
2 Watling Gdn. Square, Sequley 6RB 7AG 081-298 4000

| | | | | | | |
|---|---|---|---|---|---|---|
| Stockmarket Fd | 5 | 78.10 | 78.22 | 83.20 | +0.02 | 1.75 |

## OTHER UK UNIT TRUSTS

**Abbey Life Assurance Co Ltd**
80 Holdenhurst Road, Bournemouth 0202 292373

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Prop. Ser. 1 | 281.7 | 296.6 | | - |
| Equity Ser. 1 | 168.7 | 177.6 | -0.10 | - |
| Prop. Acc. Ser 2 | 514.4 | 541.5 | | - |
| Equity Ser 2 | 218.9 | 230.5 | -0.10 | - |
| Selective Acc. Ser 2 | 482.4 | 507.8 | -0.50 | - |
| Prop. Ser. 4 | 400.6 | 421.7 | | - |
| Equity Ser. 4 | 210.7 | 221.8 | -0.10 | - |
| Man. Ser. 4 | 661.1 | 689.9 | +0.10 | - |
| Fixed Int. Ser. 4 | 339.8 | 357.7 | -1.20 | - |
| Indexed Inv. Ser. 4 | 209.2 | 220.3 | -0.40 | 0 |
| American Ser. 4 | 495.1 | 521.2 | +0.30 | - |
| Japan Ser 4 | 385.6 | 405.9 | +0.30 | - |
| European Ser 4 | 166.3 | 175.1 | -0.40 | - |
| High Inc. Ser. 4 | 657.4 | 692.1 | -0.50 | - |
| Money Ser. 4 | 321.9 | 339.9 | +0.30 | 0.0 |
| Intl Ser 4 | 191.3 | 201.4 | -1.0 | - |
| Custodian Ser. 4 | 171.6 | 180.7 | +0.30 | 0 |
| Asian Pacific | 204.4 | 215.2 | -0.10 | - |
| Ethical | 136.1 | 143.3 | -0.4 | 0 |
| Protected Growth | 109.6 | 115.3 | — | - |
| **Pension Funds** | | | | |
| Property | 776.8 | 830.9 | | - |
| Equity | 1667.9 | 1753.7 | -1.10 | - |
| Selective | 547.5 | 576.4 | -0.40 | - |
| Managed | 1414.9 | 1489.7 | -1.70 | - |
| Security | 703.5 | 740.6 | +0.90 | - |
| Fixed Int. | 435.9 | 458.9 | -1.80 | - |
| Indexed | 236.5 | 249.0 | -0.40 | - |
| American | 466.5 | 491.1 | +0.50 | - |
| Japan | 440.3 | 463.5 | +0.70 | - |
| European | 258.4 | 272.1 | -0.90 | - |
| High Income | 200 | 210.6 | -0.10 | 0 |
| Ethical | 203.6 | 214.4 | -0.90 | 0 |
| International | 374.1 | 393.8 | -3.0 | - |
| Protected Growth | 123.6 | 130.1 | -0.10 | 0 |
| Asian Pacific | 87.4 | 92.0 | — | - |

**Abbey National Life Plc**
287 St Vincent Street, Glasgow 041 305 8000

| | | | | |
|---|---|---|---|---|
| Managed | 112.9 | 118.8 | -0.1 | - |
| UK Equity | 112.1 | 118.1 | -0.6 | - |
| International | 118.5 | 124.8 | +0.8 | - |
| Deposit | 100.3 | 105.6 | — | - |
| Pension Managed | 113.9 | 119.9 | | - |
| Pension UK Equity | 111.6 | 117.5 | -0.8 | - |
| Pension International | 124.3 | 130.9 | +1.2 | - |
| Pension Deposit | 102.3 | 107.7 | +0.1 | - |

**Acuma Life Assurance Ltd**
The Glanty, Egham, Surrey TW20 9AT 0784 475333

| | | | | |
|---|---|---|---|---|
| Fixed Interest | 189.98 | 199.98 | -0.12 | - |
| Index Linked Secs | 190.79 | 200.83 | -0.10 | - |
| UK Equity/UK Eq Inc | 310.57 | 326.91 | +0.13 | - |
| Smal Cos/UK Eq Gwth | 236.64 | 249.09 | -0.54 | - |
| Nth American | 167.17 | 165.44 | -0.76 | - |
| Far Eastern | 469.45 | 494.15 | +4.90 | - |
| European | 212.63 | 223.82 | -0.61 | - |
| Managed | 254.46 | 267.37 | -0.06 | - |
| World Growth | 214.39 | 225.67 | +0.07 | - |
| Money | 162.45 | 171.00 | +0.05 | - |
| Pen Fixed Interest | 240.47 | 253.12 | -0.18 | - |
| Pen Index Lnkd Secs | 204.80 | 215.57 | -0.09 | - |
| Pen UK Eq/UK Eq Inc | 476.90 | 501.99 | +0.14 | - |
| Pen Smal Cos/UK Eq Gwth | 315.41 | 332.00 | -0.94 | - |
| Pen Nth American | 154.50 | 162.63 | -0.96 | - |
| Pen Far Eastern | 731.31 | 769.79 | +9.18 | - |

**Canada Life Group**
High St, Potters Bar, Herts, EN6 5BA 0707 651122

**Eagle Star Life Assurance Co Ltd**
Bath Road, Cheltenham GL53 7LQ 0242 221 311

**Henderson Administration - Contd.**

**Hill Samuel Life Assur. Ltd**
NLA Tower, Addiscombe Rd, Croydon

**Lincoln National - Contd.**

**London Life**

**London & Manchester Assurance**

**M & G Life and M & G Pensions**

**NPI**

**National Life**

**Providence Capital Life Assc. Co Ltd - Contd.**

**Provident Life Assoc. Ltd**

**Prudential Corporate Pension Funds**

**Prudential Individual Pension Funds**

**Royal Life (Unit Linked Assurance) Ltd**

**Save & Prosper Group Ltd**

## INSURANCES

**AIG Life**

**AXA Equity & Law Life Assce**

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MANAGED FUNDS NOTES

# CURRENCIES AND MONEY

MARKETS REPORT

## Sharp rise for the dollar

The dollar yesterday rose sharply in early New York trading on the back of a strong showing from US bond and equity markets, *writes Philip Gawith.*

Improved sentiment, helped by follow-through buying after last Friday's strong set of employment data, helped the US currency recover from recent lows. It closed in London at *DM1.7071 against the* D-Mark from DM1.6788 before the long weekend.

Analysts were cautious, however, about signalling a turnaround in fortunes for the dollar, which underperformed expectations during the first quarter. Mr Ian Gunner, international economist at Chase Manhattan, commented: "Price activity in the last few weeks has been a case of two steps forward, three steps back."

*Elsewhere, the D-Mark was* slightly weaker in Europe, but sterling had a better day with the sterling index finishing at 79.3 from 78.9 where it started trading.

■ After a quiet start, the dollar rose sharply in the European afternoon when US equity markets opened. A key *factor in the US currency's* recent weakness has been the uncertainty in bond and equity *markets since the Federal* Reserve first tightened policy on February 4.

*But yesterday's* rally in New York served as a reminder to the market that there remain good fundamental grounds for believing in a stronger dollar. Principal amongst these are an interest rate differential moving gradually in the US's favour, as German rates (and most of Europe with them) fall and US rates rise; and a growth argument - the fact that the US is enjoying stronger growth than any of the *other leading economies.*

On the other hand, investors are only likely to believe that *the dollar's rally is sustainable* when it becomes clear that a measure of calm has returned *to US* bond and equity markets.

There is a further *uncertainty; Mr Steve Barrow,* economist at Chemical bank, comments: "The market is grappling with *the idea of* whether stronger US data *should be interpreted as good* or bad for the dollar."

Logic suggests that strong growth will be followed by higher rates, which should be dollar positive. The alternative view is that strong growth will scare the market into believing that the Fed is playing "catch-up" in the battle to curb inflation. This perception *would harm the dollar.*

■ The D-Mark finished generally weaker *yesterday under* pressure from the stronger dollar. The exception was the French franc which closed in London at FFr3.416 from FFr3.414 on Thursday.

The Italian lira continued to strengthen as post-election optimism about the prospects for a new government persisted. It closed at L960.8 from L963.3.

The focus of attention in Europe, however, was the Bank of Portugal's defence of the escudo which fell to a low last week of Es104.60 against the D-Mark. There were two strands to the bank's actions. First, the regular intervention *rates, normally* announced at the start of each 4-14 day accounting period, were *suspended. Instead, the bank* only offered one-day funds, giving it a much tighter grip over *money market conditions.*

Second, the Es344.1bn that the bank put into the system *in this way was offered at* interest rates of 13 and 14 per cent, compared to the last regular intervention rate of 10 per cent set on March 28.

*Although analysts said the* central bank's efforts appeared overdone, it succeeded in stabilising the currency which finished at Es101.8 from Es102.7 last Thursday.

But Ms Wendy Niffikeer, senior economist at IBJ International, said sentiment remained negative. Most observers believe the economy *(IBJ estimates that GDP* shrank by 1.5 per cent in 1993) needs lower interest rates, not higher ones. Indeed, the prime minister Mr Anibal Cavaco Silva, contributed to this perception recently when he said rates could fall by 200 basis *points by the end of the year.*

Also, the escudo is overvalued against the dollar, D-Mark *and in terms of its own purchasing power parity,* said the IBJ analyst.

Conditions remained tight in German money markets with call money at 5.80/6 per cent, down from 6.75 per cent. Dealers expect the rate to go lower. *In the futures market the June* euromark contract firmed by two basis points to 94.57.

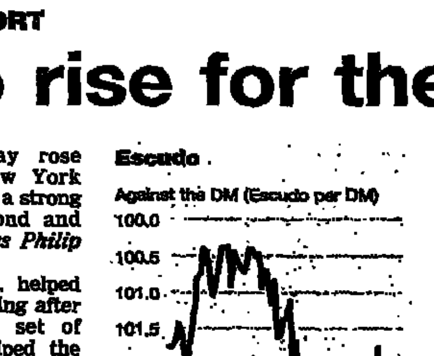
■ Sterling finished lower against the dollar, at $1.4638 *from $1.479 on Thursday.* Against the D-Mark, however, it was stronger, closing at DM2.4987 from DM2.4829. Yesterday evening it was trading at the DM2.51 level.

The pound's better performance on the back of the dollar helped short sterling futures rally after a very weak start. The June contract closed *at 94.47 from 94.53 on Thursday* after touching a low of 94.39 at one stage. The December *future closed at 93.91,* compared to a low for the day of 93.78 and Thursday's close of 94.03.

In the discount market the Bank of England cleared a £250m *shortage* with a £271m round of afternoon assistance.

Escudo

Against the DM (Escudo per DM)




Source: Datastream

■ Pound in New York

| Apr 5 | Latest | Prev. close |
|---|---|---|
| £ spot | 1.4630 | 1.4865 |
| 1 mth | 1.4610 | 1.4645 |
| 3 mth | 1.4580 | 1.4613 |
| 1 yr | 1.4526 | 1.4552 |

■ OTHER CURRENCIES

| Apr 5 | £ | $ |
|---|---|---|
| Hungary | 151.604 - 151.728 | 103.590 - 103.640 |
| Iran | 2574.00 - 2580.00 | 1748.00 - 1750.00 |
| Kuwait | 0.4352 - 0.4364 | 0.2974 - 0.2981 |
| Poland | 32378.5 - 32389.5 | 22124.0 - 22124.0 |
| Russia | 2586.54 - 2595.32 | 1767.00 - 1773.00 |
| U.A.E. | 5.3743 - 5.3773 | 3.6715 - 3.6735 |

### POUND SPOT FORWARD AGAINST THE POUND

| Apr 5 | | Closing mid-point | Change on day | Bid/offer spread | Day's Mid high | low | One month Rate | %PA | Three months Rate | %PA | One year Rate | %PA | Bank of Eng. Index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Europe** | | | | | | | | | | | | | |
| Austria | (Sch) | 17.5193 | +0.2593 | 108 - 277 | 17.5400 | 17.2305 | 17.5155 | 0.3 | 17.5099 | 0.2 | - | - | 113.6 |
| Belgium | (BFr) | 51.5013 | +0.2131 | 654 - 372 | 51.5492 | 51.0750 | 51.5363 | -0.8 | 51.5813 | -0.6 | 51.6263 | -0.2 | 114.6 |
| Denmark | (DKr) | 9.7950 | +0.0125 | 918 - 981 | 9.8067 | 9.7412 | 9.8052 | -1.2 | 9.8185 | -1.0 | 9.8282 | -0.3 | 114.5 |
| Finland | (FM) | 8.0896 | +0.0472 | 807 - 084 | 8.1130 | 8.0270 | - | - | - | - | - | - | 82.0 |
| France | (FFr) | 8.5366 | +0.0411 | 329 - 402 | 8.5416 | 8.4760 | 8.5419 | -0.7 | 8.5497 | -0.6 | 8.5729 | -0.4 | 107.4 |
| Germany | (DM) | 2.4987 | +0.0095 | 979 - 995 | 2.5007 | 2.4788 | 2.4998 | -0.5 | 2.5001 | -0.2 | 2.4891 | 0.4 | 122.5 |
| Greece | (Dr) | 367.036 | +1.174 | 607 - 464 | 367.470 | 364.597 | - | - | - | - | - | - | - |
| Ireland | (I£) | 1.0384 | -0.0011 | 376 - 391 | 1.0403 | 1.0337 | 1.0391 | -0.8 | 1.0404 | -0.8 | 1.0463 | -0.7 | 102.0 |
| Italy | (L) | 2401.28 | +8.12 | 014 - 242 | 2407.50 | 2390.86 | 2407.48 | -3.1 | 2420.36 | -3.2 | 2468.08 | -2.7 | 77.7 |
| Luxembourg | (LFr) | 51.5013 | +0.2131 | 654 - 372 | 51.5492 | 51.0750 | 51.5363 | -0.8 | 51.5813 | -0.6 | 51.6263 | -0.2 | 114.6 |
| Netherlands | (Fl) | 2.8028 | +0.0066 | 016 - 040 | 2.8046 | 2.7834 | 2.8033 | -0.2 | 2.8031 | 0.0 | 2.8007 | 0.1 | 118.2 |
| Norway | (NKr) | 10.8442 | +0.0201 | 401 - 482 | 10.8490 | 10.7538 | 10.8385 | 0.6 | 10.8511 | -0.3 | 10.8422 | 0.0 | 94.6 |
| Portugal | (Es) | 254.327 | -1.11 | 210 - 443 | 255.126 | 253.429 | 255.302 | -4.6 | 257.247 | -4.6 | - | - | - |
| Spain | (Pta) | 201.998 | -0.424 | 890 - 105 | 202.495 | 201.670 | 202.503 | -3.0 | 203.488 | -3.0 | 206.946 | -2.5 | 85.8 |
| Sweden | (SKr) | 11.6647 | +0.0458 | 572 - 722 | 11.6726 | 11.6083 | 11.6957 | -2.2 | 11.7217 | -2.0 | 11.8407 | -1.5 | 76.1 |
| Switzerland | (SFr) | 2.1046 | +0.0148 | 035 - 057 | 2.1085 | 2.0851 | 2.1024 | 1.3 | 2.0978 | 1.3 | 2.0686 | 1.7 | 118.1 |
| UK | (£) | - | - | - | - | - | - | - | - | - | - | - | 79.3 |
| Ecu | - | 1.2919 | +0.0027 | 914 - 924 | 1.2932 | 1.2859 | 1.293 | -1.0 | 1.2948 | -0.8 | 1.2948 | -0.2 | - |
| SDR† | - | 0.958043 | - | - | - | - | - | - | - | - | - | - | - |
| **Americas** | | | | | | | | | | | | | |
| Argentina | (Peso) | 1.4602 | -0.0032 | 606 - 612 | 1.4673 | 1.4589 | - | - | - | - | - | - | - |
| Brazil | (Cr) | 1388.82 | +24.56 | 857 - 906 | 1394.00 | 1361.00 | - | - | - | - | - | - | - |
| Canada | (C$) | 2.0275 | -0.0173 | 268 - 282 | 2.0507 | 2.0260 | 2.0266 | 0.4 | 2.0225 | 1.0 | 2.0516 | -1.2 | 87.0 |
| Mexico | (New Peso) | 4.9189 | +0.0021 | 144 - 234 | 4.9357 | 4.9144 | - | - | - | - | - | - | - |
| USA | ($) | 1.4638 | -0.0017 | 636 - 640 | 1.4700 | 1.4615 | 1.4618 | 1.6 | 1.4585 | 1.4 | 1.4516 | 0.8 | 66.4 |
| **Pacific/Middle East/Africa** | | | | | | | | | | | | | |
| Australia | (A$) | 2.0811 | +0.0042 | 800 - 822 | 2.0856 | 2.0800 | 2.0796 | 0.9 | 2.0773 | 0.7 | 2.0753 | 0.3 | - |
| Hong Kong | (HK$) | 11.3112 | -0.013 | 085 - 138 | 11.3582 | 11.2934 | 11.2962 | 1.4 | 11.2927 | 0.7 | 11.2437 | 0.6 | - |
| India | (Rs) | 45.9142 | -0.0567 | 027 - 257 | 46.1070 | 45.8510 | - | - | - | - | - | - | - |
| Japan | (Y) | 151.857 | +0.586 | 794 - 919 | 152.250 | 150.400 | 151.437 | 3.3 | 150.652 | 3.2 | 146.892 | 3.3 | 188.7 |
| Malaysia | (M$) | 3.9361 | +0.0122 | 339 - 382 | 3.9496 | 3.9165 | - | - | - | - | - | - | - |
| New Zealand | (NZ$) | 2.5951 | -0.0056 | 930 - 971 | 2.6151 | 2.5923 | 2.598 | -1.3 | 2.6023 | -1.1 | 2.6109 | -0.6 | - |
| Philippines | (Peso) | 40.3630 | -0.0483 | 999 - 260 | 41.5109 | 40.0561 | - | - | - | - | - | - | - |
| Saudi Arabia | (SR) | 5.4896 | -0.0065 | 883 - 907 | 5.5125 | 5.4815 | - | - | - | - | - | - | - |
| Singapore | (S$) | 2.2966 | -0.0043 | 955 - 977 | 2.3075 | 2.2906 | - | - | - | - | - | - | - |
| S Africa (Com.) | (R) | 5.1532 | +0.0521 | 501 - 562 | 5.1655 | 5.0924 | - | - | - | - | - | - | - |
| S Africa (Fin.) | (R) | 7.2529 | +0.0353 | 443 - 614 | 7.2710 | 7.1795 | - | - | - | - | - | - | - |
| South Korea | (Won) | 1185.13 | -1.41 | 485 - 540 | 1190.10 | 1183.38 | - | - | - | - | - | - | - |
| Taiwan | (T$) | 38.6211 | -0.0461 | 071 - 350 | 38.7800 | 38.5700 | - | - | - | - | - | - | - |
| Thailand | (Bt) | 36.9617 | -0.0589 | 680 - 953 | 37.1100 | 36.9320 | - | - | - | - | - | - | - |

†SDR rate for Mar 30. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

### DOLLAR SPOT FORWARD AGAINST THE DOLLAR

| Apr 5 | | Closing mid-point | Change on day | Bid/offer spread | Day's mid high | low | One month Rate | %PA | Three months Rate | %PA | One year Rate | %PA | J.P Morgan index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Europe** | | | | | | | | | | | | | |
| Austria | (Sch) | 11.9688 | +0.1913 | 650 - 725 | 11.9730 | 11.8955 | 11.9873 | -1.9 | 12.0161 | -1.6 | 12.0276 | -0.5 | 102.7 |
| Belgium | (BFr) | 35.1845 | +0.1875 | 660 - 030 | 35.2050 | 34.8450 | 35.2545 | -2.4 | 35.3645 | -2.0 | 35.5645 | -1.1 | 104.0 |
| Denmark | (DKr) | 6.6917 | +0.0165 | 907 - 927 | 6.6950 | 6.6476 | 6.7074 | -2.8 | 6.7319 | -2.4 | 6.7747 | -1.2 | 102.9 |
| Finland | (FM) | 5.5334 | +0.0388 | 283 - 385 | 5.5429 | 5.4792 | 5.5401 | -1.5 | 5.5479 | -1.0 | 5.5596 | -0.5 | 78.8 |
| France | (FFr) | 5.8320 | +0.035 | 305 - 335 | 5.8345 | 5.7804 | 5.8435 | -2.4 | 5.8617 | -2.0 | 5.8835 | -0.9 | 104.0 |
| Germany | (D) | 1.7071 | +0.0086 | 068 - 073 | 1.7085 | 1.6907 | 1.7102 | -2.1 | 1.7142 | -1.7 | 1.7147 | -0.4 | 104.2 |
| Greece | (Dr) | 250.750 | +1.1 | 500 - 000 | 251.000 | 248.700 | 254.05 | -15.8 | 261.5 | -17.1 | 289 | -15.3 | 70.0 |
| Ireland | (I£) | 1.4097 | -0.0002 | 089 - 104 | 1.4195 | 1.4080 | 1.4066 | 2.6 | 1.4012 | 2.4 | 1.3863 | 1.7 | - |
| Italy | (L) | 1640.50 | +7.5 | 000 - 100 | 1641.25 | 1629.75 | 1646.95 | -4.7 | 1659.4 | -4.6 | 1699.25 | -3.6 | 78.3 |
| Luxembourg | (LFr) | 35.1845 | +0.1875 | 660 - 030 | 35.2050 | 34.8450 | 35.2545 | -2.4 | 35.3645 | -2.0 | 35.5645 | -1.1 | 104.0 |
| Netherlands | (Fl) | 1.9148 | +0.0068 | 143 - 153 | 1.9160 | 1.8933 | 1.9175 | -1.7 | 1.9215 | -1.4 | 1.9258 | -0.6 | 103.5 |
| Norway | (NKr) | 7.4085 | +0.0226 | 070 - 100 | 7.4180 | 7.3420 | 7.4212 | -2.1 | 7.4445 | -1.9 | 7.4835 | -1.0 | 94.8 |
| Portugal | (Es) | 173.750 | -0.55 | 700 - 800 | 174.100 | 172.600 | 174.665 | -6.3 | 178.28 | -5.8 | 181.425 | -4.4 | 93.1 |
| Spain | (Pta) | 138.000 | -0.125 | 950 - 050 | 138.200 | 137.480 | 138.53 | -4.6 | 139.51 | -4.4 | 142.8 | -3.3 | 80.8 |
| Sweden | (SKr) | 7.9691 | +0.0405 | 653 - 728 | 7.9765 | 7.9075 | 7.9941 | -3.6 | 8.0362 | -3.4 | 8.1601 | -2.4 | 81.6 |
| Switzerland | (SFr) | 1.4378 | +0.0118 | 373 - 383 | 1.4393 | 1.4225 | 1.4382 | -0.4 | 1.4382 | -0.1 | 1.425 | 0.9 | 104.7 |
| UK | (£) | 1.4638 | -0.0017 | 635 - 640 | 1.4700 | 1.4615 | 1.4618 | 1.6 | 1.4585 | 1.4 | 1.4516 | 0.8 | 87.7 |
| Ecu | - | 1.1331 | -0.0037 | 328 - 333 | 1.1407 | 1.1325 | 1.1304 | 2.8 | 1.126 | 2.5 | 1.117 | 1.4 | - |
| SDR† | - | 1.40405 | - | - | - | - | - | - | - | - | - | - | - |
| **Americas** | | | | | | | | | | | | | |
| Argentina | (Peso) | 0.9981 | -0.0019 | 980 - 981 | 1.0000 | 0.9980 | - | - | - | - | - | - | - |
| Brazil | (Cr) | 948.805 | +17.887 | 800 - 810 | 948.850 | 948.800 | - | - | - | - | - | - | - |
| Canada | (C$) | 1.3852 | -0.0101 | 849 - 854 | 1.3970 | 1.3835 | 1.3875 | -2.0 | 1.3936 | -2.4 | 1.4135 | -2.0 | 82.7 |
| Mexico | (New Peso) | 3.3605 | +0.0065 | 580 - 630 | 3.3640 | 3.3570 | 3.3615 | -0.4 | 3.3633 | -0.3 | 3.3707 | -0.3 | - |
| USA | ($) | - | - | - | - | - | - | - | - | - | - | - | 101.2 |
| **Pacific/Middle East/Africa** | | | | | | | | | | | | | |
| Australia | (A$) | 1.4218 | +0.0047 | 213 - 223 | 1.4380 | 1.4205 | 1.423 | -1.1 | 1.4277 | -1.7 | 1.4383 | -1.2 | 98.3 |
| Hong Kong | (HK$) | 7.7275 | +0.0003 | 270 - 280 | 7.7285 | 7.7265 | 7.7305 | -0.5 | 7.7365 | -0.5 | 7.7612 | -0.4 | - |
| India | (Rs) | 31.3675 | -0.0013 | 650 - 700 | 31.3725 | 31.3650 | 31.4325 | -2.5 | 31.5675 | -2.6 | - | - | - |
| Japan | (Y) | 103.745 | +0.51 | 720 - 770 | 103.830 | 102.860 | 103.6 | 1.7 | 103.29 | 1.8 | 101.2 | 2.5 | 149.2 |
| Malaysia | (M$) | 2.6890 | +0.0115 | 880 - 900 | 2.6910 | 2.6745 | 2.682 | 3.1 | 2.6665 | 3.3 | 2.729 | -1.5 | - |
| New Zealand | (NZ$) | 1.7729 | -0.0017 | 718 - 740 | 1.7805 | 1.7737 | 1.7741 | -0.8 | 1.7786 | -1.3 | 1.8005 | -1.6 | - |
| Philippines | (Peso) | 27.5750 | - | 000 - 500 | 27.7500 | 27.4000 | - | - | - | - | - | - | - |
| Saudi Arabia | (SR) | 3.7503 | +0.0001 | 501 - 505 | 3.7510 | 3.7500 | 3.751 | -0.2 | 3.7533 | -0.3 | 3.7648 | -0.4 | - |
| Singapore | (S$) | 1.5690 | -0.001 | 685 - 695 | 1.5710 | 1.5660 | 1.5684 | 0.5 | 1.5679 | 0.3 | 1.5665 | 0.2 | - |
| S Africa (Com.) | (R) | 3.5205 | +0.0397 | 190 - 220 | 3.5245 | 3.5085 | 3.537 | -5.6 | 3.563 | -4.8 | 3.658 | -3.9 | - |
| S Africa (Fin.) | (R) | 4.9550 | +0.03 | 500 - 600 | 4.9600 | 4.9225 | 4.989 | -8.2 | 5.049 | -7.6 | - | - | - |
| South Korea | (Won) | 809.650 | - | 600 - 700 | 810.000 | 809.400 | 812.65 | -4.4 | 816.15 | -3.2 | 834.65 | -3.1 | - |
| Taiwan | (T$) | 26.3850 | - | 800 - 900 | 26.3900 | 26.3400 | 26.4505 | -3.0 | 26.551 | -2.5 | - | - | - |
| Thailand | (Bt) | 25.2650 | -0.01 | 600 - 700 | 25.2800 | 25.2500 | 25.345 | -3.8 | 25.47 | -3.2 | 25.99 | -2.9 | - |

†SDR rate for Apr 4. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan indices shown for Apr 4. Base average 1990=100

## CROSS RATES AND DERIVATIVES

### EXCHANGE CROSS RATES

| Apr 5 | | BFr | DKr | FFr | DM | I£ | L | Fl | NKr | Es | Pta | SKr | SFr | £ | C$ | $ | Y | Ecu |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Belgium | (BFr) | 100 | 19.02 | 16.58 | 4.852 | 2.016 | 4662 | 5.443 | 21.05 | 493.8 | 392.2 | 22.66 | 4.087 | 1.942 | 3.938 | 2.843 | 295.0 | 2.509 |
| Denmark | (DKr) | 52.58 | 10 | 8.716 | 2.551 | 1.060 | 2451 | 2.862 | 11.07 | 259.6 | 206.2 | 11.91 | 2.149 | 1.021 | 2.070 | 1.495 | 155.1 | 1.319 |
| France | (FFr) | 60.33 | 11.47 | 10 | 2.927 | 1.216 | 2812 | 3.283 | 12.70 | 297.9 | 236.6 | 13.67 | 2.466 | 1.171 | 2.376 | 1.715 | 177.9 | 1.513 |
| Germany | (DM) | 20.61 | 3.920 | 3.416 | 1 | 0.415 | 960.8 | 1.122 | 4.338 | 101.8 | 80.83 | 4.670 | 0.842 | 0.400 | 0.812 | 0.586 | 60.76 | 0.517 |
| Ireland | (I£) | 49.61 | 9.436 | 8.224 | 2.408 | 1 | 2313 | 2.700 | 10.44 | 245.0 | 194.6 | 11.24 | 2.028 | 0.963 | 1.954 | 1.410 | 146.3 | 1.245 |
| Italy | (L) | 2.145 | 0.408 | 0.356 | 0.104 | 0.043 | 100. | 0.117 | 0.451 | 10.59 | 8.413 | 0.486 | 0.088 | 0.042 | 0.084 | 0.061 | 6.327 | 0.054 |
| Netherlands | (Fl) | 18.37 | 3.494 | 3.046 | 0.892 | 0.370 | 856.6 | 1 | 3.867 | 90.72 | 72.07 | 4.163 | 0.751 | 0.357 | 0.724 | 0.522 | 54.19 | 0.461 |
| Norway | (NKr) | 47.51 | 9.036 | 7.875 | 2.305 | 0.958 | 2216 | 2.586 | 10 | 234.6 | 186.3 | 10.77 | 1.942 | 0.923 | 1.871 | 1.351 | 140.1 | 1.192 |
| Portugal | (Es) | 20.25 | 3.852 | 3.357 | 0.983 | 0.408 | 944.2 | 1.102 | 4.263 | 100. | 79.43 | 4.589 | 0.828 | 0.393 | 0.797 | 0.576 | 59.73 | 0.506 |
| Spain | (Pta) | 25.50 | 4.849 | 4.226 | 1.237 | 0.514 | 1189 | 1.388 | 5.366 | 125.9 | 100. | 5.777 | 1.042 | 0.495 | 1.004 | 0.725 | 75.20 | 0.640 |
| Sweden | (SKr) | 44.13 | 8.393 | 7.315 | 2.141 | 0.889 | 2057 | 2.402 | 9.289 | 217.9 | 173.1 | 10 | 1.804 | 0.857 | 1.738 | 1.254 | 130.2 | 1.107 |
| Switzerland | (SFr) | 24.47 | 4.653 | 4.056 | 1.187 | 0.493 | 1141 | 1.332 | 5.150 | 120.8 | 95.96 | 5.544 | 1 | 0.475 | 0.963 | 0.695 | 72.16 | 0.614 |
| UK | (£) | 51.50 | 9.795 | 8.537 | 2.499 | 1.038 | 2401 | 2.803 | 10.84 | 254.3 | 202.0 | 11.67 | 2.105 | 1 | 2.028 | 1.464 | 151.9 | 1.292 |
| Canada | (C$) | 25.39 | 4.830 | 4.210 | 1.232 | 0.512 | 1184 | 1.382 | 5.345 | 125.4 | 99.61 | 5.754 | 1.038 | 0.493 | 1 | 0.722 | 74.90 | 0.637 |
| US | ($) | 35.18 | 6.691 | 5.831 | 1.707 | 0.709 | 1640 | 1.915 | 7.404 | 173.7 | 138.0 | 7.971 | 1.438 | 0.683 | 1.385 | 1 | 103.8 | 0.883 |
| Japan | (Y) | 339.0 | 64.48 | 56.20 | 16.45 | 6.833 | 15806 | 18.45 | 71.36 | 1674 | 1330 | 76.83 | 13.86 | 6.583 | 13.35 | 9.638 | 1000. | 8.506 |
| Ecu | | 39.86 | 7.581 | 6.608 | 1.934 | 0.803 | 1858 | 2.170 | 8.390 | 196.8 | 156.3 | 9.033 | 1.629 | 0.774 | 1.570 | 1.133 | 117.6 | 1 |

Yen per 1,000: Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 0.5871 | 0.5876 | -0.0004 | 0.5885 | 0.5869 | 42,197 | 91,806 |
| Sep | - | 0.5858 | - | - | 0.5858 | 76 | 2,586 |
| Dec | - | 0.5860 | - | - | 0.5860 | 5 | 116 |

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 0.9712 | 0.9725 | -0.0009 | 0.9750 | 0.9712 | 22,003 | 53,676 |
| Sep | 0.9772 | 0.9784 | -0.0012 | 0.9784 | 0.9772 | 229 | 2,185 |
| Dec | - | 0.9851 | - | - | 0.9851 | 9 | 448 |

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 0.7015 | 0.7011 | -0.0010 | 0.7027 | 0.7000 | 15,892 | 36,840 |
| Sep | 0.7027 | 0.7015 | -0.0014 | 0.7027 | 0.7010 | 38 | 304 |
| Dec | - | 0.7040 | - | - | 0.7040 | 1 | 46 |

■ STERLING FUTURES (IMM) £62,500 per £

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 1.4634 | 1.4624 | -0.0010 | 1.4654 | 1.4580 | 20,805 | 36,338 |
| Sep | 1.4600 | 1.4590 | -0.0012 | 1.4600 | 1.4600 | 98 | 777 |
| Dec | 1.4570 | 1.4560 | -0.0012 | 1.4570 | 1.4570 | 4 | 32 |

### EMS EUROPEAN CURRENCY UNIT RATES

| Apr 5 | Ecu cen. rates | Rate against Ecu | Change on day | % +/- from cen. rate | % spread v weakest | Div. ind. |
|---|---|---|---|---|---|---|
| Netherlands | 2.19672 | 2.16833 | -0.00124 | -1.29 | 3.61 | - |
| Belgium | 40.2123 | 39.7870 | +0.0067 | -1.06 | 3.37 | 8 |
| Germany | 1.94964 | 1.93121 | +0.00007 | -0.95 | 3.25 | - |
| Ireland | 0.808628 | 0.804934 | +0.000137 | -0.46 | 2.74 | 3 |
| France | 6.53883 | 6.60019 | +0.00718 | 0.94 | 1.32 | -8 |
| Spain | 154.250 | 156.879 | -0.199 | 1.70 | 0.56 | -12 |
| Denmark | 7.43679 | 7.58118 | -0.00263 | 1.94 | 0.32 | -13 |
| Portugal | 192.854 | 197.238 | -0.612 | 2.27 | 0.00 | -15 |
| NON ERM MEMBERS | | | | | | |
| Greece | 264.513 | 283.844 | -0.706 | 7.31 | -4.69 | - |
| Italy | 1793.19 | 1860.16 | -0.3 | 3.73 | -1.41 | - |
| UK | 0.786749 | 0.777009 | -0.000528 | -1.24 | 3.55 | - |

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

| Strike Price | CALLS Apr | May | Jun | PUTS Apr | May | Jun |
|---|---|---|---|---|---|---|
| 1.400 | 6.36 | 6.38 | 6.51 | - | 0.13 | 0.43 |
| 1.425 | 3.92 | 4.22 | 4.54 | - | 0.46 | 0.94 |
| 1.450 | 1.77 | 2.48 | 2.91 | 0.29 | 1.16 | 1.79 |
| 1.475 | 0.42 | 1.23 | 1.75 | 1.44 | 2.40 | 3.02 |
| 1.500 | 0.03 | 0.52 | 0.95 | 3.49 | 4.13 | 4.70 |
| 1.525 | - | 0.17 | 0.47 | 5.92 | 6.27 | 6.69 |

Previous day's vol., Calls 8,921 Puts 10,271 . Prev. day's open int., Calls 494,638 Puts 424,601

## WORLD INTEREST RATES

### MONEY RATES

| April 5 | Over night | One month | Three mths | Six mths | One year | Lomb. inter. | Dis. rate | Repo rate |
|---|---|---|---|---|---|---|---|---|
| Belgium | - | 6¼ | 6¼ | 6¼ | 6¼ | 7.40 | 5.00 | - |
| week ago | - | 6¼ | 6¼ | 6¼ | 6¼ | 7.40 | 5.00 | - |
| France | 6⅛ | 6⅛ | 6⅛ | 6¼ | 5⅞ | 5.90 | - | 7.75 |
| week ago | 6¼ | 6⅛ | 6¼ | 6⅛ | 6¼ | 6.00 | - | 7.75 |
| Germany | 5.90 | 5.80 | 5.70 | 5.60 | 5.43 | 6.75 | 5.25 | 5.76 |
| week ago | 6.50 | 5.80 | 5.70 | 5.60 | 5.43 | 6.75 | 5.25 | 5.80 |
| Ireland | 6 | 6⅛ | 6⅛ | 6⅛ | 6½ | - | - | 6.75 |
| week ago | 6¼ | 6⅛ | 6 | 6 | 6 | - | - | 6.75 |
| Italy | 8¾ | 8¼ | 8¼ | 8¼ | 8¼ | - | 8.00 | 8.27 |
| week ago | 8¾ | 8¼ | 8¼ | 8¼ | 8¼ | - | 8.00 | 8.40 |
| Netherlands | 5.47 | 5.46 | 5.33 | 5.32 | 5.32 | - | 5.25 | - |
| week ago | 5.53 | 5.46 | 5.36 | 5.33 | 5.32 | - | 5.25 | - |
| Switzerland | 4¼ | 4¼ | 4¼ | 4⅛ | 4¼ | 6.625 | 4.00 | - |
| week ago | 4⅛ | 4¼ | 4⅛ | 4¼ | 4 | 6.625 | 4.00 | - |
| US | 3⅝ | 3¾ | 4 | 4⅜ | 5 | - | 3.00 | - |
| week ago | 3½ | 3¾ | 3⅞ | 4¼ | 4¾ | - | 3.00 | - |
| Japan | 2⅛ | 2¼ | 2¼ | 2⅛ | 2¼ | - | 1.75 | - |
| week ago | 2⅛ | 2¼ | 2¼ | 2¼ | 2⅜ | - | 1.75 | - |
| ■ $ LIBOR FT London | | | | | | | | |
| Interbank Fixing | - | 3¾ | 4¼ | 4¾ | 5¼ | - | - | - |
| week ago | - | 3¾ | 3⅞ | 4¼ | 4¾ | - | - | - |
| US Dollar CDs | - | 3.65 | 3.95 | 4.26 | 4.83 | - | - | - |
| week ago | - | 3.65 | 3.65 | 3.99 | 4.48 | - | - | - |
| SDR Linked Ds | - | 3⅞ | 3⅞ | 3⅞ | 4 | - | - | - |
| week ago | - | 3⅝ | 3⅞ | 3⅞ | 4 | - | - | - |

ECU Linked Ds mid rates: 1 mth: 6¼; 3 mths: 6¼; 6 mths: 6¼; 1 year: 6¼. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

### EURO CURRENCY INTEREST RATES

| Apr 5 | Short term | 7 days notice | One month | Three months | Six months | One year |
|---|---|---|---|---|---|---|
| Belgian Franc | 6¼ - 6⅛ | 6¼ - 6⅛ | 6¼ - 6⅛ | 6¼ - 6⅛ | 6¼ - 6⅛ | 6¼ - 6⅛ |
| Danish Krone | 5¾ - 5¼ | 6¼ - 6 | 6⅜ - 6⅛ | 6⅜ - 6⅛ | 6¼ - 6 | 6 - 5¾ |
| D-Mark | 5¾ - 5¾ | 5¾ - 5¾ | 5¾ - 5¾ | 5¾ - 5¾ | 5⅝ - 5½ | 5½ - 5⅜ |
| Dutch Guilder | 5⅝ - 5¼ | 5⅝ - 5¼ | 5⅝ - 5¼ | 5⅝ - 5¼ | 5⅝ - 5¼ | 5¾ - 5¼ |
| French Franc | 6⅜ - 6¼ | 6⅜ - 6¼ | 6⅛ - 6 | 6⅛ - 6 | 6¼ - 5¾ | 6 - 5⅞ |
| Portuguese Esc. | 10¼ - 10 | 21 - 18 | 17 - 15 | 12¾ - 11¾ | 11 - 10 | 9⅝ - 9⅜ |
| Spanish Peseta | 8⅜ - 8¼ | 8¼ - 8⅛ | 8⅜ - 8⅛ | 8 - 7⅞ | 8 - 7⅞ | 8 - 7⅞ |
| Sterling | 5¼ - 5⅛ | 5⅜ - 5¼ | 5⅜ - 5¼ | 5½ - 5⅜ | 5⅝ - 5½ | 5¾ - 5⅝ |
| Swiss Franc | 4⅜ - 4¼ | 4⅜ - 4¼ | 4¼ - 4⅛ | 4¼ - 4⅛ | 4⅛ - 4 | 4 - 3⅞ |
| Can. Dollar | 4⅜ - 4⅛ | 5⅛ - 4⅞ | 5⅜ - 5⅛ | 6⅛ - 5⅞ | 6⅝ - 6⅜ | 7 - 6¾ |
| US Dollar | 3¾ - 3⅝ | 3¾ - 3⅝ | 3¾ - 3⅝ | 4⅛ - 3¾ | 4⅜ - 4⅜ | 5⅛ - 4¾ |
| Italian Lira | 8 - 7½ | 8⅜ - 7⅞ | 8⅜ - 7⅞ | 8⅜ - 7⅞ | 8¼ - 7⅞ | 8½ - 8⅛ |
| Yen | 2⅜ - 2⅛ | 2¼ - 2⅛ | 2⅜ - 2¼ | 2⅜ - 2¼ | 2⅜ - 2⅜ | 2⅝ - 2⅜ |
| Asian $Sing | 3½ - 2½ | 3½ - 2½ | 3½ - 2½ | 4 - 3 | 4 - 3 | 4¼ - 3¼ |

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 94.11 | 94.14 | -0.01 | 94.15 | 94.09 | 13,359 | 62,590 |
| Sep | 94.29 | 94.34 | -0.03 | 94.37 | 94.28 | 5,690 | 44,319 |
| Dec | 94.50 | 94.52 | -0.01 | 94.55 | 94.40 | 4,888 | 34,258 |
| Mar | 94.60 | 94.64 | -0.02 | 94.66 | 94.56 | 3,406 | 40,361 |

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 95.46 | 95.47 | -0.16 | 95.47 | 95.46 | 202 | 4855 |
| Sep | 94.89 | 94.88 | -0.27 | 94.89 | 94.89 | 20 | 2171 |
| Dec | 94.31 | 94.29 | -0.36 | 94.31 | 94.31 | 20 | 1447 |
| Mar | 93.99 | 94.01 | -0.39 | 94.01 | 93.99 | 70 | 806 |

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 94.53 | 94.57 | +0.02 | 94.58 | 94.52 | 19217 | 242875 |
| Sep | 94.77 | 94.83 | +0.02 | 94.84 | 94.76 | 21228 | 161927 |
| Dec | 94.94 | 95.01 | +0.01 | 95.04 | 94.93 | 25485 | 182095 |
| Mar | 95.03 | 95.11 | +0.03 | 95.13 | 95.01 | 16836 | 164969 |

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 91.93 | 91.92 | -0.01 | 91.95 | 91.84 | 3735 | 56491 |
| Sep | 92.13 | 92.16 | -0.01 | 92.16 | 92.02 | 1646 | 23964 |
| Dec | 92.22 | 92.28 | -0.01 | 92.28 | 92.20 | 445 | 36194 |
| Mar | 92.20 | 92.29 | -0.03 | 92.29 | 92.20 | 437 | 6268 |

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 96.02 | 96.07 | +0.04 | 96.07 | 95.99 | 2448 | 33803 |
| Sep | 96.10 | 96.14 | +0.02 | 96.14 | 96.08 | 357 | 7442 |
| Dec | 96.05 | 96.08 | +0.02 | 96.07 | 96.05 | 121 | 4211 |
| Mar | - | 95.95 | +0.01 | - | - | 0 | 332 |

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 93.98 | 93.98 | -0.02 | 94.01 | 93.95 | 828 | 10831 |
| Sep | 94.16 | 94.20 | -0.01 | 94.21 | 94.15 | 472 | 11590 |
| Dec | 94.30 | 94.30 | -0.03 | 94.31 | 94.26 | 356 | 6657 |
| Mar | 94.31 | 94.31 | -0.03 | 94.31 | 94.26 | 291 | 1626 |

* LIFFE futures traded on APT

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 95.40 | 95.45 | +0.03 | 95.49 | 95.40 | 130,852 | 484,421 |
| Sep | 94.79 | 94.84 | +0.03 | 94.91 | 94.91 | 135,380 | 365,441 |
| Dec | 94.22 | 94.25 | +0.03 | 94.31 | 94.31 | 100,045 | 292,537 |

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 95.92 | 95.89 | +0.02 | 95.92 | 95.89 | 13,700 | 42,572 |
| Sep | 95.41 | 95.41 | +0.04 | 95.43 | 95.40 | 1,485 | 9,912 |
| Dec | 94.96 | 94.94 | +0.04 | 94.97 | 94.94 | 550 | 3,816 |

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

| Strike Price | CALLS Jun | Sep | Dec | PUTS Jun | Sep | Dec |
|---|---|---|---|---|---|---|
| 9450 | 0.15 | 0.42 | 0.61 | 0.08 | 0.09 | 0.10 |
| 9475 | 0.05 | 0.25 | 0.43 | 0.23 | 0.17 | 0.17 |
| 9500 | 0.02 | 0.13 | 0.28 | 0.45 | 0.30 | 0.27 |

Est. vol. total, Calls 760 Puts 734. Previous day's open int., Calls 214224 Puts 150710

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

| Strike Price | CALLS Jun | Sep | Dec | PUTS Jun | Sep | Dec |
|---|---|---|---|---|---|---|
| 9600 | 0.14 | 0.26 | 0.28 | 0.07 | 0.12 | 0.20 |
| 9625 | 0.05 | 0.12 | 0.15 | 0.23 | 0.23 | 0.32 |
| 9650 | 0.02 | 0.06 | 0.07 | 0.45 | 0.42 | 0.49 |

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 489 Puts 3354

## UK INTEREST RATES

### LONDON MONEY RATES

| Apr 5 | Over-night | 7 days notice | One month | Three months | Six months | One year |
|---|---|---|---|---|---|---|
| Interbank Sterling | 5½ - 3 | 5⅛ - 5 | 5⅜ - 5¼ | 5⅜ - 5¼ | 5⅝ - 5½ | 6 - 5⅞ |
| Sterling CDs | - | - | 5⅜ - 5¼ | 5⅜ - 5¼ | 5⅞ - 5⅜ | 5¾ - 5⅝ |
| Treasury Bills | - | - | 5 - 4⅞ | 5 - 4⅞ | - | - |
| Bank Bills | - | - | 5 - 4⅞ | 5⅛ - 5 | 5⅜ - 5⅛ | - |
| Local authority deps. | 4⅞ - 4⅞ | 4⅞ - 4⅞ | 5⅛ - 5 | 5⅜ - 5⅛ | 5¾ - 5⅛ | 5⅞ - 5⅝ |
| Discount Market deps | [illegible] | [illegible] | | | | |

UK clearing bank base lending rate 5¼ per cent from February 8, 1994

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

### BASE LENDING RATES

# MONEY MARKET FUNDS

## Money Market Trust Funds

## Money Market Bank Accounts

# WORLD STOCK MARKETS

## EUROPE

[illegible]

## PACIFIC

[illegible]

## NORTH AMERICA

[illegible]

## AFRICA

[illegible]

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are usually last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (daily). ‖ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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### ■ TOKYO - MOST ACTIVE STOCKS: Tuesday, April 5, 1994

| | Stocks Traded | Closing Prices | Change on day | | Stocks Traded | Closing Prices | Change on day |
|---|---|---|---|---|---|---|---|
| Ricoh | 4.5m | 855 | +36 | Mitsubishi Hvy | 2.7m | 663 | +8 |
| NEC | 3.4m | 1,100 | +30 | Kawasaki Steel | 2.7m | 358 | +9 |
| Fujitsu | 3.0m | 1,030 | +30 | Toshiba | 2.5m | 743 | +7 |
| Nippon Steel | 3.0m | 336 | +13 | Hitachi | 2.3m | 934 | +15 |
| Matsushita El Ind | 2.9m | 1,690 | -10 | Isuzu Motors | 2.3m | 471 | +15 |

## INDICES

[illegible]

## US INDICES

[illegible]

DJ Ind. Day's high 3633.06 (3673.10 ) Low 3520.60 (3544.12 ) (Theoretical♦)
Day's high 3636.39 (3650.36 ) Low 3552.18 (3569.57 ) (Actual♦)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Standard and Poors** | | | | | | | |
| Composite ‡ | 438.92 | 445.76 | 445.55 | 482.00 (2/2) | 438.92 (4/4) | 482.00 (2/2/94) | 4.40 (1/6/32) |
| Industrials¶ | 513.34 | 521.16 | 521.16 | 568.58 (2/2) | 513.34 (4/4) | 568.58 (2/2/94) | 3.62 (21/6/32) |
| Financial¶ | 41.39 | 42.03 | 41.87 | 48.56 (31/1) | 41.39 (4/4) | 48.40 (28/9/93) | 8.64 (1/10/74) |
| NYSE Comp. | 243.14 | 247.06 | 247.34 | 267.71 (2/2) | 243.14 (4/4) | 267.71 (2/2/94) | 4.46 (25/4/42) |
| Amex Mkt Val | 434.13 | 443.11 | 445.54 | 487.89 (3/2) | 434.13 (4/4) | 487.89 (2/2/94) | 29.31 (9/12/72) |
| NASDAQ Cmp | 727.41 | 743.48 | 744.81 | 803.93 (18/3) | 727.41 (4/4) | 803.93 (18/3/94) | 54.87 (31/10/72) |

### ■ RATIOS

| | Mar 31 | Mar 25 | Mar 18 | Year ago |
|---|---|---|---|---|
| Dow Jones Ind. Div. Yield | 2.81 | 2.70 | 2.62 | 3.04 |
| | Mar 30 | Mar 23 | Mar 16 | Year ago |
| S & P Ind. Div. yield | 2.51 | 2.39 | 2.37 | 2.49 |
| S & P Ind. P/E ratio | 23.55 | 24.83 | 24.58 | 26.13 |

### ■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

| | Open | Latest | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 439.00 | 444.90 | +5.65 | 445.20 | 438.60 | 89,589 | 182,171 |
| Sep | 444.90 | 446.90 | +5.35 | 446.90 | 444.70 | 504 | 8,496 |
| Dec | - | 449.00 | - | 449.00 | - | 393 | 4,914 |

Open interest figures are for previous day.

### ■ NEW YORK ACTIVE STOCKS

[illegible]

### ■ TRADING ACTIVITY

[illegible]

### ■ CAC-40 STOCK INDEX FUTURES (MATIF)

[illegible]

Open interest figures for previous day.

** Sat Apr 2 : Taiwan Weighted Price 5480.99; Korea Comp Ex 855.87. Base values of all indices are 100 except Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours Index: Apr 5 – 2177.09 +34.21.

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation.

*4 pm close April 5*

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 1994 High | Low | Stock | Div | Yld. % | P/E | Sls 100s | High | Low | Close Quote | Chge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 17⅜ | 14⅛ | AAR | 0.48 | 3.0 | 25 | 140 | 15¾ | 15¼ | 15¾ | +¼ |
| 16⅞ | 14 | A L Labs A x | 0.18 | 1.1 | 37 | 137 | 16¼ | 15⅞ | 16 | +¼ |
| 65½ | 58¼ | AMP | 1.68 | 2.8 | 21 | 3604 | 60¾ | 58½ | 60¾ | +1⅞ |
| 72¾ | 55½ | AMR | | | 28 | 5313 | 59 | 57¼ | 59 | +2½ |
| 5 | 3⅝ | ARX | | | 15 | 317 | 4⅝ | 4¼ | 4⅝ | +¼ |
| 58⅛ | 42⅛ | ASA | 2.00 | 4.8 | 27 | 745 | 43 | d41⅝ | 42 | -¾ |
| 30⅝ | 25⅛ | AbbotL | 0.76 | 2.8 | 18 | 11055 | 27¼ | 26⅝ | 27⅛ | +? |
| 13¾ | 11⅜ | Abitibi Pr | 0.50 | 4.0 | 8 | 73 | 12½ | 12 | 12½ | +⅝ |
| 13¾ | 11¼ | Acptncare | | | 21 | 10 | 11½ | 11½ | 11½ | -⅛ |
| 31 | 24½ | ACE Ltd x | 0.40 | 1.5 | 4 | 2365 | 27 | 25⅝ | 26¾ | +1⅜ |
| 12½ | 10⅛ | ACM Gvt In x | 1.09 | 10.0 | | 614 | 11 | 10⅝ | 11 | +⅝ |
| 10⅛ | 7⅞ | ACM GvOpp x | 0.80 | 9.6 | | 140 | 8¼ | d7⅞ | 8¼ | +⅜ |
| 10⅝ | 8⅝ | ACM Gvt Sp x | 0.86 | 11.0 | | 503 | 8¾ | 8½ | 8¾ | +¼ |
| 12 | 9¾ | ACM Gvt Sc x | 1.09 | 10.7 | | 766 | 10¼ | d9¾ | 10¼ | +½ |
| 11¾ | 8¾ | ACM Mgn x | 1.08 | 11.2 | | 1017 | 9⅝ | d8¾ | 9⅝ | +¾ |
| 9¼ | 8 | ACM Mangd x | 0.72 | 8.7 | | 108 | 8⅜ | 8⅛ | 8¼ | |
| 10⅝ | 8¾ | AcmeCle | 0.44 | 4.6 | 11 | 301 | 9⅝ | 9⅜ | 9⅝ | +¼ |
| 8½ | 7⅛ | Acme Elect | | | 33 | 113 | 7¾ | 7¼ | 7¾ | +⅝ |
| 28¼ | 23 | Acordia | 0.60 | 2.2 | 13 | 23 | 27⅜ | 27⅛ | 27⅜ | +⅛ |
| 8¼ | 5¾ | Actava | 0.36 | 5.3 | 2 | 156 | 6¾ | 6⅛ | 6¾ | +½ |
| 13⅜ | 11¼ | Acuson | | | 99 | 321 | 12⅞ | 12 | 12⅞ | +¾ |
| 18⅝ | 16½ | Adams Expr | 0.36 | 2.1 | 0 | 194 | 17⅛ | 16¾ | 17⅛ | +½ |
| 64 | 46½ | Ad Micro | 3.00 | 4.9 | | 409 | 62¾ | 59⅞ | 61 | -1 |
| 31¾ | 18¾ | AdvMic | 3.00 | 9.6 | 13 | 20333 | u31¾ | 29⅞ | 30¼ | -¾ |
| 6⅞ | 5⅝ | Advest Grp | 0.16 | 2.7 | 9 | 225 | 6 | d5⅝ | 5⅞ | |
| 20 | 16¾ | Advo Inc x | 0.10 | 0.6 | 115 | 1023 | 17¾ | 17⅜ | 17⅜ | -½ |
| 57¼ | 49⅞ | Aegon ADR | 1.23 | 2.4 | 11 | 60 | 51⅞ | 50½ | 50½ | +1⅛ |
| 65¾ | 50 | AetnaL | 2.76 | 5.3 | 5 | 5656 | 52⅝ | 50¼ | 51⅞ | +1⅞ |
| 31⅞ | 25¼ | Aflac | 0.40 | 1.3 | 12 | 3128 | 30¼ | 29⅞ | 30⅛ | +¼ |
| 20¼ | 16⅜ | Ahmanson | 0.88 | 5.1 | 11 | 1389 | 17⅜ | 17 | 17⅜ | +⅝ |
| 4 | 1⅞ | Aileen Inc | | | 2 | 107 | 2⅞ | 2⅝ | 2⅞ | +¼ |
| 49⅞ | 40⅜ | AirPrC x | 0.92 | 2.1 | 24 | 1542 | 45 | 43⅞ | 44¾ | +1¼ |
| 39⅞ | 33⅛ | Airbne Frt | 0.30 | 0.9 | 21 | 1542 | 35¼ | 34¾ | 35⅛ | +1⅛ |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

- A - (continued), - B -, - C -, - D -, - E -, - F -, - G -, - H -, - I -, - J -, - K -, - L -, - M -, - N -, - O -, - P - Q -, - R -, - S -

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4 pm close April 5

## NYSE COMPOSITE PRICES

Continued from previous page

[illegible]

## NASDAQ NATIONAL MARKET

4 pm close April 5

[illegible]

## AMEX COMPOSITE PRICES

4 pm close April 5

[illegible]

AMERICA

# Bonds lead Dow into solid rebound

## Wall Street

US stocks surged yesterday morning after a rally in bonds encouraged investors to hunt for bargains among depressed blue chip and technology issues, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones *Industrial Average was* 62.07 higher at 3,659.57, while the *more broadly based Standard* & Poor's 500 was 6.98 ahead at 445.90. In the secondary markets, the American SE composite gained 5.75 to 439.88, and the Nasdaq composite surged 20.33 to 747.74.

Volume on the NYSE was heavy, with 219m shares traded by 1 pm. Advancing issues led declines by 2,058 to 322 in a mirror image of Monday's ratio.

The US Treasury market, which led stocks into a steep decline over the past fortnight, was the catalyst for yesterday's solid rebound. Equity investors were relieved that bond prices finally appeared to have touched bottom after a *precipitous drop which* intensified over the previous two sessions.

Steady activity overseas, as European investors returned from the Easter holiday, contributed *to a calmer atmosphere*. By midday, the yield *on the benchmark 30-year* government bond had receded *nearly 10 basis points to about* 7.30 per cent, easing concerns that the upward spiral in long-term rates may damage the economy.

With buyers again wading into the fixed-income markets, equity investors were more *willing to take a chance, even* although there was no fresh economic news to shape sentiment. The Commerce Department *released its February* index of leading indicators. But the data, showing a 0.1 per cent decline, was close to the consensus forecast of a 0.2 per cent drop.

Still, investors snapped up a wide range of stocks, with automobile issues showing particular strength. General Motors jumped $2¼ to $57⅛ after Furman Selz added the stock to its recommended list.

In the energy sector, Amoco climbed $1⅝ after Kidder Peabody upgraded the issue on the expectation that crude oil prices had bottomed out.

*The Dow utility index, which* often parallels the bond *market, gained 2.64 to 195.63. The* average is closely watched as an indicator of future trends in the broader market.

On the Nasdaq, technology stocks made a strong recovery after seven straight losing sessions. Microsoft gained $2¾ to $87¼.

## Canada

Toronto stocks stayed firm at midday, lifted by a stronger Canadian dollar. The TSE 300 composite index was up 41.6 at 4,271.7 in volume of 34.7m shares.

Of the market's 14 sub-sectors, only *precious metals* failed to gain ground, easing 1.60 to 10,369.28.

## Brazil

*Equities in São Paulo* recovered 4.7 per cent in light early *trading as investors came in on* bargain hunting following a *fall of some 11 per cent in the* Bovespa index on Monday.

The index rose 637 to 14,187 by midday. Brokers noted that *most of the activity came from* domestic investors. Telebras, *the telecommunications group*, down 13 per cent on Monday, had *regained* 7 per cent of its value by midday.

## SOUTH AFRICA

Bullion's fall below $385 an ounce dragged gold shares sharply lower, and the index finished 96 down at 1,917. Elsewhere, the overall index shed 90 to 4,849 and industrials 48 to 5,601. De Beers slipped R3.50 to R101.50.

EUROPE

# Resurgent bourses defy the prophets of doom

The mini-crashes in equity markets which were forecast over the Easter weekend failed *to transpire yesterday, writes Our Markets Staff.*

A strategy note from Salomon Brothers had said already that Continental markets had begun to decouple from those in the US. Yesterday, Goldman Sachs said that US bond yields should fall, eventually; that European equities are still undervalued relative to interest rates; and that the earnings growth "that we expect" should allow equities to outperform bonds.

*FRANKFURT's Dax index* rose 25.18 to 2,158.29 on the *session, and a further 18.80 to* 2,177.09 in the post-bourse. This *followed a month of outperformance* in German equities, strong on a surge in German exports and the prospect of accelerated earnings recovery in cyclical stocks.

Turnover rose from DM6.6bn to DM6.7bn. In carmakers, BMW and Volkswagen continued their battle to lead the share price performance tables, rising DM11.50 to DM840, and DM8 to DM501.50, with further gains of DM12.50 and DM4 respectively after hours. In chemicals, Bayer climbed DM8.60 to DM381.80 on the session as traders *talked of a big* buy order.

*Metallgesellschaft*, savaged in the first quarter by US oil contract losses, recovered DM16.80 to DM224.80 on the session, and DM4.70 to DM229.50 in the post bourse, extending its share price recovery to DM50.50 since the beginning of last week. Brokers said that a forthcoming rights issue at DM250 a share was effectively underwritten by the company's creditor banks, and that this was encouraging speculation in the stock.

*PARIS* took the initiative from a strong start in the US to break *the downtrend that had* gripped equities since two *weeks before Easter.*

The CAC-40 index moved up 18.31 or 0.8 per cent to 2,100.25, having seen a low of 2,057 before Wall Street opened.

Mr Michael Woodcock of Nikko Europe, writing before yesterday's uptick, noted that the CAC-40 was "selling on a little over 20 times 1994 forecast earnings, if loss making companies are excluded, and is yielding 3.2 per cent. Following the fall since the start of the year and the break below the 200 day moving average, the market is looking for support at the 2,050 level, but is likely to remain weak on world-wide interest rate fears".

Eurotunnel, not a *CAC-40* constituent, lost FFr1.20 to *FFr42.50*, on the announcement that it was planning a rights *issue.*

MILAN opened sharply lower *amid indications of strains* within the right wing alliance, *but pared its losses on signs of* progress towards a new coalition government. The Comit index finished 10.58, or 1.4 per cent lower at 724.53, with much of the day's demand coming from bargain hunting by domestic funds.

Mr David Roche and Mr Richard Davidson at Morgan Stanley who think that Italian equities could rise by another 15 per cent this year under a Berlusconi government, raised the Italian weighting in their equity only European model portfolio from zero to an overweight 6 per cent at the expense of the UK, France and Switzerland.

*Olivetti*, L52 lower at L2,652, bucked a mostly firmer trend *among blue chip industrials*: Mr Miles Saltiel at Robert *Fleming* Securities *commented* that before the speculative *spree* which preceded the award of Italy's second mobile telephone licence, the stock was at 44 per cent of the current price, which discounts some L1,110, representing Olivetti's share in the Omnitel franchise. However, Mr Saltiel's analysis suggested that the value of the franchise for ordinary shareholders was L710, and he has advised investors to take profits.

AMSTERDAM began the new month with a firm rise, *clawing back early losses when* the AEX index fell through the *400 level, seeing a session low* of 399.06. The index took its cue from a good opening on Wall Street and finished the day up 1.55 or 0.4 per cent at 405.40.

KBB, the retail group, went against the trend, losing 70 cents to Fl 113.80 as it announced a rights issue of 1.3m new shares to finance acquisitions.

Aegon, the insurance group, was one of the day's *outperformers*, finishing up Fl 2.80 at Fl 97.40, *having announced* better than expected results *before the Easter break.*

ZURICH recouped early *losses as Wall Street opened* firmer and the SMI index *picked up from a low of 2,769.6* to finish 12.5 higher at 2,807.3.

Chemicals and cyclicals led the market higher: Ciba, the most active stock, added SFr17 to SFr899.

Comments by Mr Markus Lusser, the Swiss National Bank president, that he would not be surprised to see inflation below 1 per cent by the summer, *failed to inspire* flat to lower financial issues: Zurich Insurance finished SFr13 down at SFr1,300.

MADRID recovered virtually all of Monday's losses, the general index rising 8.85, or 2.85 per cent to 319.03. US-oriented stocks did well. Telefónica took back more than it lost, rising Pta110, or 6.8 per cent to Pta1,730 *and Repsol put on* Pta180, or 4.5 per cent to Pta4,220.

ISTANBUL surged 7 per cent during an *active* session in response to the long-awaited *package of austerity measures* to cut the budget deficit and reduce inflation, unveiled by Mrs Tansu Çiller, the prime *minister*. The composite index added to Monday's 8.8 per cent advance with a rise of 1,144.97 to 17,500.97.

WARSAW was lower again, the Wig index giving up 749.8, or 5.2 per cent to 13,785.1 in a *continuation* of the sell-off that has seen the market fall by a cumulative 33.6 per cent since March 8. Some demand emerged, however, for selected blue chips at the current prices although brokers doubted that this indicated the start of a broad recovery.

Written and edited by William Cochrane, John Pitt and Michael Morgan

**FT-SE Actuaries Share Indices**

| Apr 5 | | | | | | | THE EUROPEAN SERIES | |
|---|---|---|---|---|---|---|---|---|
| Hourly changes | Open | 10.30 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | Close |
| FT-SE Eurotrack 100 | 1408.25 | 1407.91 | 1409.83 | 1414.37 | 1418.42 | 1428.32 | 1428.59 | 1428.65 |
| FT-SE Eurotrack 200 | 1428.18 | 1427.76 | 1429.18 | 1434.19 | 1437.26 | 1443.73 | 1445.69 | 1446.82 |

| | Mar 31 | Mar 30 | Mar 29 | Mar 28 | Mar 25 |
|---|---|---|---|---|---|
| FT-SE Eurotrack 100 | 1418.70 | 1416.70 | 1421.05 | 1438.59 | 1412.48 |
| FT-SE Eurotrack 200 | 1440.06 | 1448.58 | 1452.67 | 1466.31 | 1449.55 |

Base 1000 (26/10/90); High/day: 100 - 1427.86; 200 - 1447.82 Low/day: 100 - 1408.25 200 - 1428.18

ASIA PACIFIC

# Nikkei up 2.3%, Tokyo stocks rise across the board

## Tokyo

*The Nikkei 225 average gained* 2.3 per cent, heartened by *Monday's intraday recovery in New* York equities, *writes Emiko Terazono in Tokyo.*

The index ended 440.99 ahead *at 19,563.21 after a day's low of* 19,184.04, and high of 19,580.32 *just before the close.*

Mr Nobuhiro Kaneda, general *manager of Daiwa* Securities' equity division, said the Nikkei would move in a range of 19,000 to 20,700 in the near term. However, he added that the downside risk remained low and expected Japanese investors to start purchasing stocks in May and June.

But some investors remain cautious due to the political situation and the expected negative impact of the high yen against the dollar. "If the budget *isn't approved by mid-May,* it could start to have a negative *affect on the economy*," said Mr James Vestal, chief *economist at Barclays de Zoete* Wedd.

*Volume was 220m shares.* The Topix index rose 28.45, or 1.8 per cent, to 1,588.89 and the Nikkei 300 advanced 5.87 to 291.08. *Gainers overwhelmed* losers by 872 to 172, with 122 issues unchanged. In London the ISE/Nikkei 50 index put on 1.73 at 1,302.40.

Shares firmed across the board. High-technology issues were higher in spite of the yen's rise to the Y102 level against the dollar. Ricoh, the day's most active issue, gained Y36 at Y855, while NEC moved ahead Y30 to Y1,100.

Arbitrage buying supported banks, with Industrial Bank of Japan rising Y110 to Y3,110 *and Fuji Bank Y100 to Y2,200.*

Some short term speculative *stocks were lower on profit-taking.* Yamazaki Baking, *which had risen previously on* hopes that the company would *benefit from the current rice* shortage, lost Y20 at Y2,080 *and Iino Kaiun* Y14 at Y661.

In Osaka, the OSE average *strengthened 319.55 to 21,686.43* in volume of 9.4m shares.

## Roundup

Wall Street's overnight performance held the key to trading in many of the regional markets. Hong Kong, Seoul and Taiwan were shut for national holidays.

AUSTRALIA was lifted off the session's lows by late bargain hunting and the All Ordinaries index finished only 3.1 off at 2,050.0, having been down *some* 2 per cent earlier. Turnover was A$673.6m.

BHP, the *most actively* traded stock, closed 12 cents *down at A$16.36 after some* 11m shares changing hands.

*News Corp bounced sharply* off the day's low of A$8.76 to *end 17 cents higher at A$9.12.*

Among gold stocks, interest *from overseas investors* pushed Newcrest up 16 cents to A$6.34, while Plutonic firmed 7 cents to A$6.77 and Poseidon Gold 5 cents to A$3.30.

SINGAPORE was slightly firmer but trading was thin and confined to a few index-linked blue chips. The Straits Times Industrial index rose 22.37, or 1.1 per cent, to 2,061.49 in volume of 112.9m shares.

Gains were seen in bank, property and shipyard shares. DBS Foreign advanced S$1.10 to S$14.50. OCBC Foreign put *on 70 cents at S$12.30 and UOB* Foreign 40 cents at S$11.50.

*KUALA LUMPUR ended a* volatile session higher as *investors moved in to* pick up bargains after Monday's fall, *and the composite* index added 10.98 at 939.31.

BANGKOK edged ahead on bargain hunting in the banking sector, after big fluctuations in morning trade ahead of a public holiday today. The SET index rose 5.36 to 1,201.95, but turnover was the lowest of the year at Bt2.3bn.

MANILA was lower overall, although oil issues rose. The composite index declined 20.69 to 2,633.01 as analysts suggested that the market was likely to fall further to the 2,550 to 2,600 range.

NEW ZEALAND finished at its lowest level for the year as falls in world markets caught *up with the local bourse.* The NZSE-40 capital index lost 35.41 *at 2,049.17* after a day's low of 2,030.56. Among leaders, only Carter Holt, up 1 cent at NZ$3.45, was unaffected. Telecom was hardest hit, falling 16 cents to NZ$4.96.

KARACHI closed sharply lower in spite of rallying towards the end of the day on institutional support. The KSE 100-share price index lost 35.72, or 1.5 per cent, at 2,413.11 in an extended session, recovering from a dip of 64.98 an hour before the close.

BOMBAY rose on sustained buying in selected shares by Indian mutual funds. The BSE 30-share index gained 31.30 at 3,812.15. COLOMBO weakened in light trading. The all-share index receded 9.64 to 1,187.34 as turnover dipped to Rp93m.

# Japan benefits in first quarter

**By William Cochrane**

The broader the brush, the better the picture emerges for investors who followed the advice of global investment strategists at the end of 1993.

They had seen a strong year for equity performance, with the FT-Actuaries World Index up 17.6 per cent in local currency terms, and an outstanding final quarter for emerging markets, mainly in south east Asia, as US investors put their money abroad.

However, most of the top advisers were worried that the outflow of US investment funds could reverse itself, given the prospect of a tightening of the US economy.

The main lines of advice were to buy Japan, sell south east Asia and to tinker with European portfolios. Most of this has paid off.

Three months in Japanese equities this year would have produced a gain of 7.3 per cent in local currency, or 16.6 per cent via the weakening dollar; this compares with losses either side of 18 per cent in the Pacific Basin, ex-Japan.

In Europe, matters have been less clear-cut. January went according to plan, with strength in France and weakness in what was generally accepted to be the overvalued German equity market; elsewhere on the Continent, there was the expected outperformance in Italy, up 9.2 per cent, and in Spain, 10.1 per cent ahead. The fact that some Nordic markets had done even better was seen as a side issue.

Unfortunately, the throttling of liquidity imposed by the US Federal Reserve's increases in short-term interest rates, in February and March, was no respecter of opinions. France has fallen, in February and March, faster than Germany, where indications are that economic recovery will bring more vigorous expansion than expected; so France ends the quarter with a fall of 6.5 per cent, slightly worse than Germany's 5.9 per cent.

The outstanding European performer has been Italy, up 19.4 per cent after severe underperformance in the last quarter of 1993. James Capel, in a strategy note subtitled "Berlusconi's plastic revolution", retains an in-line recommendation on Italy within a European portfolio, primarily on the grounds of an improving macroeconomic position and respectable corporate earnings growth this year and next. However, it also notes: "The unstable composition of the right-wing alliance makes the policy outlook more, rather than less, confused, introducing a higher level of risk for the equity market."

**MARKETS IN PERSPECTIVE**

| | % change in local currency † 1 Week | 4 Weeks | 1 Year | Start of 1994 | % change sterling † Start of 1994 | % change in US $ † Start of 1994 |
|---|---|---|---|---|---|---|
| Austria | -4.79 | -4.72 | +31.50 | -5.51 | -2.49 | -2.15 |
| Belgium | -2.03 | -1.26 | +12.67 | -2.87 | +1.71 | +2.05 |
| Denmark | +0.92 | -0.67 | +36.83 | +3.37 | +6.67 | +7.04 |
| Finland | -4.28 | -5.43 | +69.24 | +8.71 | +14.88 | +15.27 |
| France | -2.64 | -3.42 | +7.48 | -6.50 | -3.49 | -3.16 |
| Germany | -1.30 | +3.74 | +23.71 | -5.91 | -2.47 | -2.13 |
| Ireland | -3.56 | -3.36 | +18.90 | -3.87 | -2.30 | -1.97 |
| Italy | +10.82 | +14.10 | +58.82 | +19.44 | +26.68 | +27.12 |
| Netherlands | -1.30 | -3.62 | +19.27 | -5.27 | -2.30 | -1.97 |
| Norway | -3.37 | -5.66 | +31.59 | +4.08 | +7.39 | +7.75 |
| Spain | -3.73 | -4.28 | +26.05 | -4.15 | +0.29 | +0.64 |
| Sweden | -4.43 | -6.24 | +31.01 | -1.95 | +4.19 | +4.55 |
| Switzerland | -1.85 | +0.03 | +29.34 | -4.06 | +0.78 | +1.12 |
| UK | -1.24 | -4.84 | +9.19 | -8.46 | -8.47 | -8.15 |
| EUROPE | -1.11 | -1.88 | +17.62 | +5.03 | -2.61 | -2.28 |
| Australia | -5.60 | +4.53 | +18.82 | -5.73 | -2.97 | -2.64 |
| Hong Kong | -2.85 | -5.75 | +45.85 | -3.44 | -23.70 | -23.44 |
| Japan | -3.54 | -2.96 | +8.94 | +7.33 | +16.19 | +16.58 |
| Malaysia | -5.06 | -13.84 | +63.08 | -25.69 | -25.69 | -25.44 |
| New Zealand | -4.53 | -8.19 | +28.78 | -7.82 | -7.70 | -7.39 |
| Singapore | -2.31 | -9.06 | +29.86 | -19.18 | -17.43 | -17.15 |
| Canada | -5.33 | -0.87 | +16.13 | +0.22 | -4.34 | -4.02 |
| USA | -4.01 | -3.59 | -1.58 | -4.36 | -4.68 | -4.36 |
| Mexico | -5.45 | -5.84 | +34.82 | -7.10 | -14.36 | -14.07 |
| South Africa | -6.46 | -0.70 | +43.38 | -0.03 | -13.04 | -12.75 |
| WORLD INDEX | -3.21 | -3.10 | +8.22 | -2.28 | +0.24 | +0.58 |

† Based on March 31st 1994. Copyright, The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited.

**FT-ACTUARIES WORLD INDICES**

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock | MONDAY APRIL 4 1994 US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | FRIDAY APRIL 1 1994 US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | DOLLAR INDEX 1993/94 High | 1993/94 Low | Year ago (approx) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Australia (69) | 163.54 | 0.1 | 165.45 | 106.72 | 144.41 | 154.14 | 0.0 | 3.54 | 163.33 | 164.23 | 106.81 | 143.95 | 154.14 | 189.15 | 130.19 | 137.72 |
| Austria (17) | 180.96 | 0.1 | 183.06 | 118.08 | 159.78 | 157.36 | 0.0 | 0.99 | 180.77 | 181.77 | 118.21 | 159.32 | 157.36 | 195.41 | 139.63 | 142.30 |
| Belgium (42) | 163.20 | -0.3 | 165.10 | 106.50 | 144.11 | 140.85 | 0.0 | 3.83 | 163.67 | 164.57 | 107.03 | 144.24 | 140.85 | 171.69 | 141.92 | 153.71 |
| Canada (107) | 126.24 | -2.8 | 127.71 | 82.38 | 111.48 | 127.55 | -2.2 | 2.63 | 129.89 | 130.60 | 84.94 | 114.48 | 130.48 | 145.31 | 121.46 | 122.55 |
| Denmark (32) | 260.13 | -0.2 | 263.16 | 169.75 | 229.70 | 236.17 | 0.0 | 0.99 | 260.63 | 262.05 | 170.43 | 229.69 | 236.17 | 275.79 | 205.69 | 207.26 |
| Finland (22) | 141.15 | -0.2 | 142.80 | 92.11 | 124.64 | 162.77 | 0.0 | 0.91 | 141.42 | 142.20 | 92.48 | 124.64 | 162.77 | 156.72 | 79.74 | 79.83 |
| France (98) | 167.59 | -0.2 | 169.54 | 109.36 | 147.99 | 152.39 | 0.0 | 2.95 | 167.91 | 168.83 | 109.80 | 147.98 | 152.39 | 186.37 | 149.60 | 163.04 |
| Germany (59) | 134.91 | -0.2 | 136.48 | 88.04 | 119.13 | 119.13 | 0.0 | 1.75 | 135.17 | 135.91 | 88.39 | 119.13 | 119.13 | 142.38 | 107.59 | 114.00 |
| Hong Kong (56) | 374.65 | 0.0 | 379.02 | 244.49 | 330.84 | 371.88 | 0.0 | 2.88 | 374.67 | 376.73 | 245.01 | 330.21 | 371.88 | 506.56 | 250.94 | 256.20 |
| Ireland (14) | 178.13 | -1.6 | 180.21 | 116.25 | 157.30 | 178.03 | 0.0 | 3.38 | 181.12 | 182.12 | 118.44 | 159.63 | 178.03 | 209.33 | 155.93 | 158.35 |
| Italy (60) | 86.53 | -0.2 | 87.54 | 56.47 | 76.41 | 105.53 | 0.0 | 1.65 | 86.73 | 87.21 | 56.72 | 76.44 | 105.53 | 87.19 | 55.48 | 55.48 |
| Japan (469) | 150.75 | -0.5 | 152.51 | 98.37 | 133.12 | 98.37 | -0.7 | 0.82 | 151.47 | 152.30 | 99.05 | 133.50 | 99.05 | 165.91 | 124.54 | 134.14 |
| Malaysia (98) | 430.71 | -3.9 | 435.74 | 281.07 | 380.34 | 444.15 | -3.7 | 1.30 | 447.97 | 450.43 | 292.94 | 394.82 | 461.28 | 621.63 | 285.44 | 285.44 |
| Mexico (18) | 2053.59 | 0.1 | 2077.50 | 1340.07 | 1813.35 | 7532.84 | 0.0 | 0.67 | 2051.85 | 2063.09 | 1341.74 | 1808.32 | 7532.84 | 2647.08 | 1431.17 | 1535.57 |
| Netherland (26) | 192.00 | -0.2 | 194.24 | 125.29 | 169.55 | 167.20 | 0.0 | 3.37 | 192.45 | 193.51 | 125.85 | 169.62 | 167.20 | 207.43 | 163.30 | 169.32 |
| New Zealand (14) | 63.06 | -0.1 | 63.79 | 41.15 | 55.68 | 59.42 | 0.0 | 3.92 | 63.10 | 63.44 | 41.26 | 55.61 | 59.42 | 77.59 | 45.80 | 45.91 |
| Norway (23) | 190.39 | -1.5 | 192.60 | 124.23 | 168.11 | 190.86 | 0.0 | 1.74 | 193.23 | 194.29 | 126.36 | 170.29 | 190.86 | 208.42 | 150.61 | 154.02 |
| Singapore (44) | 297.62 | -2.2 | 301.09 | 194.22 | 262.81 | 215.33 | -2.2 | 1.83 | 304.32 | 305.99 | 199.00 | 268.21 | 220.25 | 378.92 | 225.68 | 225.68 |
| South Africa (60) | 232.63 | -0.2 | 235.34 | 151.80 | 205.42 | 250.42 | 0.0 | 2.45 | 233.10 | 234.38 | 152.43 | 205.44 | 250.42 | 280.26 | 161.99 | 177.22 |
| Spain (42) | 133.97 | -3.2 | 135.53 | 87.42 | 118.30 | 140.19 | -3.1 | 4.23 | 138.43 | 139.19 | 90.52 | 122.00 | 144.62 | 155.79 | 116.33 | 129.64 |
| Sweden (36) | 202.42 | 0.1 | 204.78 | 132.09 | 178.75 | 237.59 | 0.0 | 1.65 | 202.25 | 203.37 | 132.26 | 178.25 | 237.59 | 230.02 | 159.40 | 163.82 |
| Switzerland (49) | 160.00 | 0.0 | 161.87 | 104.41 | 141.29 | 141.45 | 0.0 | 1.65 | 160.00 | 160.88 | 104.63 | 141.01 | 141.45 | 178.56 | 117.90 | 118.61 |
| United Kingdom (205) | 185.91 | -0.6 | 188.06 | 121.32 | 164.17 | 188.08 | 0.0 | 3.91 | 187.05 | 188.08 | 122.32 | 164.86 | 188.08 | 214.96 | 170.32 | 175.77 |
| USA (519) | 178.95 | -1.5 | 181.03 | 116.77 | 158.01 | 178.95 | -1.5 | 2.96 | 181.63 | 182.62 | 118.77 | 160.07 | 181.63 | 196.04 | 176.91 | 180.20 |
| EUROPE (725) | 163.22 | -0.5 | 165.12 | 106.51 | 144.12 | 156.65 | -0.1 | 2.94 | 163.95 | 164.85 | 107.21 | 144.49 | 156.82 | 178.58 | 141.58 | 143.96 |
| Nordic (113) | 199.53 | -0.1 | 201.86 | 130.21 | 176.19 | 204.17 | 0.0 | 1.39 | 199.79 | 200.89 | 130.65 | 176.08 | 204.17 | 220.60 | 151.61 | 154.15 |
| Pacific Basin (750) | 158.57 | -0.5 | 160.42 | 103.48 | 140.03 | 108.06 | -0.7 | 1.11 | 159.44 | 160.31 | 104.26 | 140.52 | 108.84 | 168.80 | 134.79 | 137.77 |
| Euro-Pacific (1475) | 160.38 | -0.5 | 162.23 | 104.64 | 141.60 | 126.97 | -0.5 | 1.88 | 161.17 | 162.05 | 105.39 | 142.04 | 127.56 | 170.78 | 139.82 | 140.18 |
| North America (626) | 175.67 | -1.5 | 177.72 | 114.64 | 155.13 | 175.38 | -1.5 | 2.94 | 178.41 | 179.39 | 116.67 | 157.24 | 178.07 | 192.73 | 173.70 | 176.63 |
| Europe Ex. UK (520) | 147.27 | -0.3 | 148.98 | 96.10 | 130.04 | 137.31 | -0.2 | 2.35 | 147.79 | 148.60 | 96.64 | 130.25 | 137.55 | 155.73 | 122.37 | 124.31 |
| Pacific Ex. Japan (281) | 235.65 | -0.9 | 238.40 | 153.78 | 208.09 | 216.34 | -0.9 | 2.70 | 237.86 | 239.16 | 155.54 | 209.63 | 218.38 | 298.21 | 172.89 | 173.64 |
| World Ex. US (1660) | 161.29 | -0.6 | 163.17 | 105.25 | 142.43 | 130.11 | -0.5 | 1.89 | 162.19 | 163.08 | 106.06 | 142.94 | 130.76 | 172.51 | 140.56 | 140.89 |
| World Ex. UK (1974) | 164.27 | -0.9 | 166.19 | 107.20 | 145.06 | 141.32 | -0.9 | 2.10 | 165.78 | 166.69 | 108.41 | 146.11 | 142.65 | 175.58 | 150.88 | 150.95 |
| World Ex. So. Af. (2119) | 165.82 | -0.9 | 167.75 | 108.21 | 146.42 | 144.53 | -0.8 | 2.27 | 167.31 | 168.22 | 109.40 | 147.45 | 145.88 | 178.56 | 152.78 | 153.07 |
| World Ex. Japan (1710) | 176.34 | -1.1 | 178.39 | 115.07 | 155.71 | 172.94 | -0.9 | 2.89 | 178.22 | 179.19 | 116.54 | 157.07 | 174.54 | 195.20 | 164.42 | 164.87 |
| The World Index (2179) | 166.19 | -0.9 | 168.12 | 108.45 | 146.75 | 145.46 | -0.8 | 2.27 | 167.67 | 168.59 | 109.64 | 147.77 | 146.70 | 178.97 | 152.85 | 153.13 |

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Constituent change with effect 6/4/94: Deletion: Maclean Hunter (Canada). Name change 5/4/94: Tokuyama Soda to Tokuyama Corp. (Japan). Latest prices were unavailable for this edition.
Markets open 4/4/94: Canada, Japan, Malaysia, Singapore, Spain & USA